



# Integrated Annual Report

(In terms of Section 121 of the Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000)

# 2019/2020



**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
Shareholder:	The City of Johannesburg Metropolitan Municipality
Website:	<a href="http://www.jhbproperty.co.za">www.jhbproperty.co.za</a>
Global Email Address	enquiries@jhbproperty.co.za
Bankers:	Standard Bank South Africa
Auditors:	Auditor-General of South Africa
Company Secretary:	Sharon Ramoetlo



## APPROVAL

**Official Sign Off:** It is hereby certified that this Annual Report:

- was developed by the management of JPC SOC Ltd under the guidance of the Chief Executive Officer (CEO);
- considers all the relevant policies, legislation and other mandates for which JPC SOC Ltd is responsible; and
- Accurately reflects the Performance that JPC SOC Ltd has achieved in the 2019/2020 Financial Year.

<b>Mr Rajen Chetty</b> Acting Chief Financial Officer  (Signature)	<u>30/10/2020</u> Date of approval
<b>Mr Eldred Mtaner</b> Acting Chief Executive Officer  (Signature)	<u>30/10/2020</u> Date of approval
<b>Mr Caswell Rampheri</b> Chairperson of Board  (Signature)	<u>30/10/2020</u> Date of approval
<b>Cllr. Lawrence Khoza</b> Member of the Mayoral Committee  (Signature)	<u>06/11/2020</u> Date of approval

## Acronyms

Acronyms And Abbreviations			
Acronym/abbreviation	Name/phrase	Acronym/abbreviation	Name/phrase
<b>AFS</b>	Annual financial statements	<b>IOC</b>	Integrated Operations Centre
<b>AG</b>	Auditor-General	<b>IPM</b>	Institute of People Management
<b>AGM</b>	Annual General Meeting	<b>ISPPA</b>	International Standards for the Professional Practice of Internal Auditing
<b>AGSA</b>	Auditor-General of South Africa	<b>IT</b>	Information Technology
<b>IAC</b>	Independent Audit Committee	<b>ITIL</b>	Information Technology Infrastructure Library
<b>AIDS</b>	Acquired Immune Deficiency Syndrome	<b>JCCI</b>	Johannesburg Chamber of Commerce and Industry
<b>ARC</b>	Audit and Risk Committee	<b>JPC</b>	City of Joburg Property Company SOC Ltd
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment	<b>KPI</b>	Key Performance Indicator
<b>BEE</b>	Black Economic Empowerment	<b>LIS</b>	Land Information System
<b>BSA</b>	Business Software Alliance	<b>LLF</b>	Local Labour Forum
<b>CAPEX</b>	Capital Expenditure	<b>MDG</b>	Millennium Development Goal
<b>CBO</b>	Community-Based Organisation	<b>ME</b>	Municipal Entity
<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration	<b>MFMA</b>	Municipal Finance Management Act, 2003
<b>COBIT</b>	Control Objectives for Information and Related Technology	<b>MMC</b>	Member of the Mayoral Committee
<b>CoJ</b>	City of Johannesburg Metropolitan Municipality	<b>MOE</b>	Municipal Owned Entity
<b>CSI</b>	Corporate Social Investment	<b>MOU</b>	Memorandum Of Understanding
<b>CSU</b>	Client Servicing Unit	<b>MSA</b>	Municipal Systems Act, 2003
<b>DED</b>	Department of Economic Development	<b>NED</b>	Non-Executive Director
<b>EAC</b>	Executive Adjudication Committee	<b>NGO</b>	Non-Governmental Organisation
<b>EAP</b>	Employee Assistance Programme	<b>OHASA</b>	Occupational Health and Safety Act, 1993
<b>EE</b>	Employment Equity	<b>OPEX</b>	Operational Expenditure
<b>EPWP</b>	Expanded Public Works Programme	<b>PIMS</b>	Property Information Management system

## Acronyms And Abbreviations

Acronym/ abbreviation	Name/phrase	Acronym/ abbreviation	Name/phrase
<b>FMM</b>	Facilities Management and Maintenance	<b>POC</b>	Proof of Concept
<b>FRACC</b>	Fraud and Corruption Committee	<b>RDP</b>	Reconstruction and Development Programme
<b>GBCSA</b>	Green Building Council of South Africa	<b>REMCO</b>	Remuneration and Human Resources Committee
<b>GCSS</b>	Group Corporate Shared Services	<b>RFP</b>	Request For Proposal
<b>GDS 2040</b>	Growth and Development Strategy 2040	<b>SAPOA</b>	South African Property Owners Association
<b>GIS</b>	Geographic Information System,	<b>SCM</b>	Supply Chain Management
<b>GIAS</b>	Group Internal Audit Services	<b>SDA</b>	Service Delivery Agreement
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>SDBIP</b>	Service Delivery Budget Implementation Plan
<b>GRI</b>	Global Reporting Initiative	<b>SDJOC</b>	Service Delivery Joint Operations Committee
<b>HIV</b>	Human Immunodeficiency Virus	<b>SDM</b>	Service Delivery Model
<b>IAS</b>	International Accounting Standards	<b>SHE</b>	Safety, Health and Environment
<b>ICT</b>	Information and Communication Technology	<b>SMMEs</b>	Small, Medium and Micro-Enterprises
<b>IDP</b>	Integrated Development Plan	<b>SOC</b>	State-Owned Company
<b>IFRS</b>	International Financial Reporting Standards	<b>UNGC</b>	United Nations Global Compact
<b>IIRC</b>	International Integrated Reporting Council	<b>WSP</b>	Workplace Skills Plan
<b>ILP</b>	Individual Learning Plan	<b>YTD</b>	Year-To-Date



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CORPORATE PROFILE AND  
OVERVIEW OF THE ENTITY



STRATEGIC OBJECTIVES



MAYORAL PRIORITIES



BUSINESS MODEL



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## ABOUT THIS REPORT

### Section 1: Scope

JPC, a municipal entity wholly owned by the City of Johannesburg (CoJ), is pleased to present its Integrated Annual Report for the period 1 July 2019 to 30 June 2020. This report aligns with best practice in integrated reporting. It includes the principles of integrated reporting contained in the international Integrated Reporting Council (IIRC) Framework and is guided by various codes and standards including the King IV Report on Corporate Governance for South Africa, and the accompanying Code on Corporate Governance for South Africa.

JPC has applied Circular 63 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA), issued by National Treasury, in the preparation of this Integrated Annual Report. The circular prescribes the content that should cover in the Integrated Annual Reports. The 2019/20 Integrated Annual Report provides for such required content i.e. data and information.

To comply with local and international sustainable reporting best practice guidelines, the report also takes financial, social and economic factors into account in reporting on JPC's operations. The guidelines applied include the following:

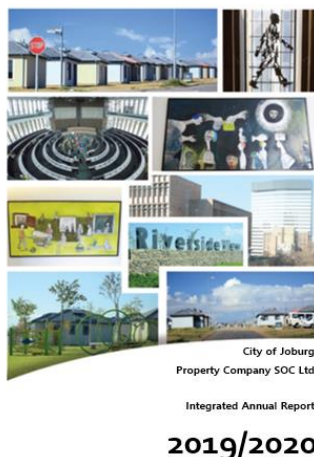
- Reporting requirements as per the MFMA Circular 63
- The South African Statements of General Recognised Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act, No. 32 of 2000.
- The IIRC's Integrated Report Framework
- The King IV Report on Corporate Governance for South Africa
- National Treasury Guidelines and Regulations

JPC's outcomes are aligned with those set out in the CoJ's 2016–2021 Integrated Development Plan (IDP) and the Joburg 2040 Growth and Development Strategy (GDS), the collective and shared vision for the future of Johannesburg.





This report is structured as follows:



Chapter 1: Leadership and Corporate Profile

Chapter 2: Governance

Chapter 3: Service Delivery Performance

Chapter 4: Human Resources & Organisational Management

Chapter 5: Financial Performance

Chapter 6: Internal & External Audit

### Supporting Documents

The JPC 2019/20 Integrated Annual Report is uploaded on the Company website at [www.jhbproperty.co.za](http://www.jhbproperty.co.za). All documentation supporting the contents of this report is available for inspection at JPC offices.

### Section 2: Materiality

JPC has applied the principle of materiality in determining relevant 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. Material issues are embedded into the company's processes in at least the following four ways that ensure efficiency and impact:

- **Strategy:** feed into ongoing strategy development by highlighting rapidly emerging issues and enabling them to be factored into strategy development and possibly addressed as business opportunities, rather than ignored until they become business risks.
- **Performance:** promotes internal understanding of the link between environmental, social, and governance issues and business performance. The materiality determination provides a link between issue experts and strategic and operational managers.
- **Stakeholder engagement:** provides a framework to design stakeholder engagement strategies and a powerful tool to help identify opportunities for dialogue and collaboration.
- **Reporting:** determine the scope of reporting and other communications so that they are more strategically aligned and useful to external stakeholders.



**TABLE 1: Internal and External criteria were used to identify material issues**

Internal criteria	External criteria
Joburg 2040 GDS criteria and objectives	<ul style="list-style-type: none"> <li>Emerging opportunities and challenges facing the JPC</li> <li>Changes in the socio economic development agenda and priorities of national and provincial government</li> </ul>
Enterprise risk management process, including key risks affecting JPC's strategic and operational objectives and the associated mitigating activities.	<ul style="list-style-type: none"> <li>Factors that may affect the JPC's reputation and influence its ability to promote sustainable growth</li> <li>Emerging opportunities and challenges facing the JPC</li> </ul>
The expectations and feedback of stakeholders such as residents, ratepayers, the business community, civil society, national and provincial government, and designated targeted groups.	<ul style="list-style-type: none"> <li>The provisions of various frameworks, including the MFMA, section 46(1) of the Municipal Systems Act, King Code, the International Financial Reporting Standards, the Millennium Development Goals, and the broad-based black economic empowerment (BBBEE) code</li> <li>Characteristics of an enabling environment: <ul style="list-style-type: none"> <li>Financial Accountability</li> <li>Performance Monitoring</li> <li>Corporate Citizenship</li> <li>Ethical Leadership and Ethical Organisational Culture</li> <li>Sustainability &amp; Growth</li> </ul> </li> </ul>
The JPC's mission, vision and values	
The JPC's governance framework and policy environment	

### Feedback

JPC aims to establish and maintain constructive and informed relationships with its stakeholders. Accordingly, please direct any feedback on this report to [clientserving@jhbproperty.co.za](mailto:clientserving@jhbproperty.co.za).

### Section 3: Assurance

The executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity's integrated annual report for 2019/20 to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

**TABLE 2: Minimum Disclosure Requirements**

Integrated reporting framework	MFMA: Circular 63 annual reporting requirements
Organisational overview and external environment	<p>Statements from:</p> <ul style="list-style-type: none"> <li>Member of the Mayoral Committee</li> <li>Chairperson's foreword and executive summary</li> <li>CEO s' foreword</li> </ul>

Integrated reporting framework	MFMA: Circular 63 annual reporting requirements
Governance	<ul style="list-style-type: none"> <li>• Governance structures</li> <li>• Board independence and reporting</li> <li>• Intergovernmental relations</li> <li>• Public accountability participation</li> <li>• Supply chain management, by-laws and oversight committees</li> <li>• Risk management</li> <li>• Anticorruption and fraud</li> <li>• Disclosure of financial interests</li> <li>• Councillors and Board committees</li> </ul>
Business model	The entity s' service delivery operating model has been updated to respond to the ever-changing operating environment to mitigate challenges within the property sector.
Risk and Opportunities	Organisational development performance
Strategy and Resource Allocation	Financial performance <ul style="list-style-type: none"> <li>• Financial disclosure</li> </ul>
Internal audit <ul style="list-style-type: none"> <li>• Assessment of governance risk, management ethics and internal control processes</li> <li>• Progress on audit findings</li> </ul>	Appendices i.e. Auditor General Report and Annual Financial Statements
Governing stakeholder relationships	
Integrated reporting philosophy <ul style="list-style-type: none"> <li>• Sustainability disclosure</li> <li>• Financial disclosure</li> </ul>	

JPC will continue to refine its approach to reporting to further align it with international standards, and to strive to be consistent and accountable in its work to create sustainable value for all residents of Johannesburg.

#### Section 4: Board Responsibility and Approval of the Integrated Report

The Board of Directors applied themselves to ensure the integrity of the 2019/20 Integrated Annual Report and any supplementary information referenced in the report.

The Board of Directors has considered the completeness of the material aspects addressed in the report and the reliability of the reported performance information presented based on the combined assurance process followed.

The Board also estimated the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the Integrated Report, or a decision by a stakeholder (see our approach to materiality in the introduction to this report). Our overall objective with this Integrated Annual Report is to provide information that could materially impact JPC's ability to create value over the short, medium and long term.

The Board is of the view that, to the best of its knowledge and belief our integrated reporting addresses matters material to our stakeholders' decision-making by explaining how JPC creates

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value over time and takes into consideration the JPC's impact on its stakeholders and the environment in which it operates. The Integrated Annual Report 2019/20 was approved by The Board of Directors and signed on its behalf by:



**Mr Caswell Rampheri**  
**Chairperson of the Board**



## *Chapter 1: Leadership & Corporate Profile*

### Section 1: Foreword by the MMC



**T**he challenges experienced by the City and its entities in the second half of the 2019/20 financial year have been arduous, so a major consideration for the entity was to remain committed to delivering and even improving the services we provide to the citizens of COJ and to strengthen our efforts to combat the impact of the COVID-19 pandemic.

#### Strategic focus

**T**he Joburg Property Company (JPC) committed itself to pursuing the Government of Local Unity's strategic priorities and Joburg 2040 GDS Outcomes, though the reality remains that these noble priorities are never easily achieved. To participate in a safer, smarter, sustainable city that prioritises good governance and financial sustainability, with integrated human settlements, more jobs and economic growth – for the benefit of engaged and active citizens – takes hard, committed work daily. It must be led by visionaries who embody the sort of attitudes and ethics that will make a better Johannesburg for all a lived reality. Indeed, it is a task of eternal vigilance.

With that in mind, while it gives me great pleasure to submit JPC's 2019/20 Integrated Annual Report covering the period 1 July 2019 to 30 June 2020, it equally drives me to pause and reflect on how much further we need to go in order to achieve the greatness we aspire to as a city that embodies being Africa's "most advanced economy". We must continue, for instance, the mighty task of restoring the inner city to being a crown jewel and to leading the drive for the reindustrialisation of our city. We must up the ante on providing more and improved human settlements for our people.

This report tracks the performance of the entity in relation to the 2016–2021 IDP, GDS, the Service Delivery and Budget Implementation Plan (SDBIP) and the business plan. The City of Johannesburg has developed a Growth and Development Strategy to take us into 2040. It is a strategy that not only provides a vision of the future but, importantly, defines clear outcomes against which to measure progress.

This strategy is central to the work of JPC, in particular the entity's contribution to economic growth through investment attraction, retention and expansion. This is driven by the conviction that a resilient city is flexible and strong enough to solve complex and unanticipated problems.

JPC has placed emphasis on harnessing property development project implementation to increase economic growth and implement Broad-Based Black Economic Empowerment, creating jobs and economic opportunities for disadvantaged communities and businesses.



Throughout the country, municipalities are consistently faced with the triple challenge of unemployment, poverty and inequality. It is in view of this that JPC has committed itself to prioritising socio-economic empowerment through the creation of an enabling environment, which culminated in the development and support of 2226 SMMEs. In addition, to this, the entity continues to roll out and implement its repair and maintenance projects, which simultaneously created 4894 job opportunities.

The entity reports achieving most of its strategic goals and objectives as detailed in its Business Plan, the IDP, the SDBIP, and the Service Delivery Agreement with the Shareholder. A key concern for me, however, must remain whether the City and its residents are consistently getting value for money.

### **Covid-19 Response**

The national lockdown has had an immense impact on the country's economy. As a result, the City has put measures in place to cushion the blow of the impact and assist in reshaping the structure of the economy and sustaining this new form beyond COVID-19. These measures included the implementation of rental holiday plans for those tenants that approached JPC because they could not pay their rentals due to the economic impact of the lockdown. Furthermore, JPC undertook cleaning and sanitisation initiatives in informal trading facilities as part of the implementation of the City's COVID- 19 response.

### **Future Outlook for JPC**

A foremost goal for the City of Joburg remains the need to address spatial and systemic inequalities. In an effort to reverse this, JPC has committed itself to focusing on these measures towards addressing spatial imbalances:

- Creating sustainable human settlements through spatial planning, economic and social investment
- Access to social and economic opportunities to communities
- Creating inclusive communities through mixed-income developments and rental housing
- Optimising the use of the City's resources
- Implementation of the precinct approach for the Development of Municipal Precincts

In terms of public reputation and participation, JPC's road shows are a positive step towards better interaction with Joburg's residents.

JPC must continue with its record of engaging the public in a meaningful way at every stage of property development transactions. This includes doing public participation in the planning stage, consultations with communities and affected parties during the design stage, and value-adding activities involving community members in projects such as the co-production of solutions. Methods of engaging with local stakeholder communities will also have to evolve to address the new era of doing things.



I would like to encourage the executive team to strive for constant improvement and to seek ways to add value to the City in their stewardship of JPC. I would also like to commend the Board for their no-nonsense approach to governance and for taking action to ensure that JPC is correctly managed in the interests of the City's citizens.

**Cllr Lloyd Phillips**  
**MMC for Economic Development**

## Section 2: Foreword by the Chairperson



“The current financial year can best be described as a year of two distinct halves for the JPC. The First half was marked by strong performance against

the Company’s set objectives and accolades for the entity from the South African Institute of Black Property Practitioners (SAIBPP) President’s Award for promoting transformation and meaningful engagements for the members. The second half was a challenging period which has been marred by the outbreak and spread of Covid-19 which significantly affected and changed all spheres of our lives. We are challenged as leaders and called to be up to the challenge and to be innovative in the achievement of the Company’s Strategic objectives. Whilst there are myriad of challenges that the City faces as a result of the devastation occasioned by the pandemic, within our space our response and actions will focus on economic initiatives by leveraging off the City’s vast property asset base as well as supporting the City’s health and safety response as part of our facilities management mandate.

I would like to take this opportunity to recognise the continued resilience and flexibility of 1715 strong team whose health and well-being is our highest priority as most are in the front line. The determination, delivery and devotion from the entire team in ensuring continued service delivery during these trying times is applauded. I am pleased

to present the 2019/20FY Integrated Annual Report of the Company, on behalf of the Board.

### Trading Environment

The operating environment in the reporting period was characterised by uncertainty and this is expected to persist for the short to medium term. Prior to the Covid-19 pandemic the country’s economic outlook was negative following the downgrade to sub-investment grade by the rating agencies. The ailing economy has resulted in a multitude of negative impacts that included amongst others, job losses and a decline in business confidence.

A staggering housing backlog of over 300 000 units has led to a legacy of land desperation, backyard dwellings, and shack farming. Far more housing is needed for those belonging to the missing middle and those in need of student accommodation. Electricity outages produced from a R60 billion backlog in our electricity network results in over 170 000 power outages each year.

We had to contend with water stoppages resulting from a water network backlog of R18 billion which sprung over 45 000 leaks, losing 107 billion litres of this precious resource, each year.

We found just over 200 informal settlements in which our residents lived in the most appalling conditions. Many of our fellow residents were forced to live without the dignity that arises

from even the most basic forms of services or sanitation.

The aforementioned factors have a critical implication on the work that the JPC does as the Company has a dual mandate, i.e. one that pertains to service delivery to the citizens of the City of Johannesburg and its commercial mandate in terms of which the Company leverages the City's property assets to attract investments and generate income.

The Company's performance for the year is reflective of these unprecedented hard times experienced in the country and was attributable to the economic woes as exacerbated by the effects of lockdowns in response to Covid-19 pandemic. The JPC scorecard for the period ending 30 June 2020 reflects that the entity achieved 50% (10 of 20 targets due), and 50% (10 of 20) of its targets were not achieved.

### **Ensuring Financial Sustainability & Good Governance**

In line with the Company's economic development mandate, the JPC continues to set ambitious targets that focus on job creation, advancing transformation and inclusive growth.

A generally challenging operating environment has continued to impact negatively on the company's financial performance. To improve the Company's performance, the Board has increased our oversight through the relevant sub-

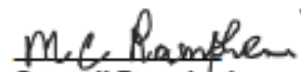
committees. The Board and Management with the support of the City, will in the short term craft a strategy to ensure JPC can in the long term become financially sustainable. In the short to medium term JPC will be focussing on the key property development projects which have the potential to unleash economic activity and create jobs.

Sound corporate governance based on an ethical foundation remains the cornerstone of our efforts for a sustainable and successful organisation. We continue to strengthen our governance structures and frameworks.

### **Outlook**

Focus in the new financial year will be on the following key areas:

- Unlocking potential revenue streams from the Portfolio.
- Reduction of irregular and wasteful expenditure.
- Containing the entity's operational costs, in particular employee costs, whilst also ensuring excellent service to the CoJ as the sole shareholder and client of the company.

  
**Caswell Rampho**  
 Chairman of the Board

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

The 2019/20 Integrated Annual Report provides a holistic and integrated overview of the entity's performance in terms of its operations, finance, governance and sustainability. The year under review presented much-improved performance in most areas of the business, including those at strategic level, when compared to the 2018/19 financial year. While the challenges experienced by the company due to the pandemic have been difficult, we remained committed to planning towards the "New Normal" in order to continue to perform JPC functions which devolves from the Service Delivery Agreement (SDA) with the parent municipality.

#### Business overview

Throughout the year under review, the Joburg Property Company has continued to strive toward delivering on its mandate in support of the GDS outcomes and the Strategic Priorities. We commenced the year by ensuring that the company's strategy and business plan is aligned with the City's IDP, SDBIP and strategic priorities so that the programs are successfully implemented. The Corporate Strategy and Business Plan were the guiding documents in successfully executing of Company deliverables for 2019/20 financial year.

The key drivers of the business are as follows:

- Utilise the property portfolio to create jobs, support SMMEs, and attract investment

- Creating inclusive communities through mixed-income developments and rental housing
- Improve customer and stakeholder satisfaction
- Enhance sound financial management, sustainability and clean governance
- Use technology for effective and efficient operations
- Invest in our staff to sustain optimal performance and a service-focused culture with committed people
- Leverage the property portfolio as a vehicle for transformation while maximising the socio-economic benefits.

A brief synopsis of our performance informed by these key business drivers, coupled with progress on the strategic initiatives, are outlined below:

#### Financial Performance

JPC has achieved an after tax profit of R19.4million. The City's solvency ratio benchmark is 2:1, which is higher than the generally accepted norm of 1:1. JPC's ratio is 1:1, which indicates that the entity is solvent, as the current assets exceed liabilities by R13.1 million.

The accumulated surplus increased significantly across the 2019 and 2020 financial years as compared to previous financial years, improving the solvency of JPC in 2020.

JPC will be approaching the City to seek a surety letter regarding the going concern. JPC is commercially solvent and able pay creditors as they fall due. The implementation of the business plan and strategy will result in the improvement of the solvency of JPC in 2021.

Compared year-on-year the cost coverage ratio has improved from 5.95 to 3.17, indicating that less of the overdraft is being utilised to finance the operations of JPC.

JPC has managed to spend 45% of its allocated CAPEX. This limited spending is as a result of the impact of lockdown restrictions in which prohibited the operation of the construction and property sector. JPC intends to streamline its processes to ensure that its capex expenditure is committed and implemented in the first two quarters of the 2020/2021 financial year.

JPC also experience a decrease in respect of revenue generated from Outdoor Advertising and economic/social leases as a result of economic downturn.

### **Achievements in terms of Pre-determined Objectives**

**F**or the period under review, JPC scorecard reflects the entity has achieved 50% of its targets i.e. (10 of 20 KPI). The achievements for the period under review include:

- Attraction of investment on COJ property worth R443 637 332 through the property transactions such as Inner City Rejuvenation Programme.
- The property development projects such as Huddle Park, Jabulani and

Riverside View has led to rand value investment spent of R628 935 688.36.

- A total of fifty-five (55) properties released on long term lease for Inner City Rejuvenation and redevelopment projects result in partnerships with private sector.
- Revenue generated from Outdoor Advertising amounted to R48 million against budgeted R60 million.
- JPC embarked on deep cleaning and sanitizing initiatives at its informal trading facilities within the transport hubs in support of City's initiatives to combat the pandemic.

During the financial year, the City launched a R144 million development project relating to the Mandela Market in which JPC will play the lead role as the project manager on behalf of the Joburg Market. This redevelopment project will not only assist the Joburg Market in realising its vision of becoming a clean, safe, and smart market, but will also contribute to the City achieving its economic objectives.

This pursuit and drive for property transformation led to JPC being a recipient of South African Institute of Black Property Practitioners (SAIBPP) President's Award for promoting transformation and meaningful engagements for the members.

The entity achieved a resolution rate of 92 % on the audit findings of the Auditor-General of South Africa (AGSA). The internal controls systems as designed by management are

effectively implemented to provide reasonable assurance that the objectives and goals may be achieved. The entity explored various mechanisms to bring about improvement in this area.

### **Future Focus**

The year ahead presents its own challenges and opportunities, which we believe are not insurmountable. The biggest focus will be to fast track:

- Intervening to stimulate development in the South – forming partnerships with provincial government on Southern Farms Development Project
- Revitalising and Stimulating Township Economies
- Giving momentum to the regeneration of the Inner-cities of Joburg, Randburg and Roodepoort through the release of derelict buildings to the private sector and universities for redevelopment and construction of the Municipal Precincts

We will continue to improve on the JPC's profitability through a continued focus on outdoor advertising, commercial leases, property development projects and financial

turnaround plan whilst we seek to navigate through the uncharted terrain of trying to achieve financial sustainability in the midst of a pandemic.

In conclusion, I am confident that with the progress we have made thus far, JPC will realise its strategic mandate and together, we can usher in a new era that is more just, resilient, transformative and inclusive of all. There can be no doubt that we have the ambition to thrive in what we do. We can only achieve our ambition through the ongoing collaborative efforts with the Board of Directors, Management team and JPC employees.

Last but not least, I would like to express my sincere appreciation to our competent and dedicated management team as well as employees for their commitment toward making JPC the incredible organization that it is.



**Eldred Mtaner**  
**Acting Chief Executive Officer**

#### Section 4: Review by the Chief Financial Officer

The fourth quarter of the 2019/20 financial year was significantly impacted by the rise of COVID-19 throughout South Africa. From a business cycle perspective, the 4<sup>th</sup> quarter is dedicated to the final execution of COJ and JPC budgets and the projects that they fund. The 35 days of level 5 lockdown meant that no contractors could continue with planned and contracted works, this has resulted in limited spending on repairs and maintenance and CAPEX projects. The back end functions of JPC were still operational during the initial level 5 lockdown and allowed for planning and preparation of business continuity upon the de-escalation to level 4; however, a substantial amount of time for service delivery and productivity was lost by then.

An emergency budget resubmission was provided during the fourth quarter to aid the COJ in its endeavour to prevent and combat the virus. However the final confirmation of the budget was only received on the 29<sup>th</sup> of June 2020 and placed JPC at a disadvantage to deliver on the revised budget for cleaning and sanitisation across COJ occupied facilities as 2 days was insufficient time to run the necessary processes to appoint and provide the services required. Included in the adjusted budget was R83.5 million for deep cleaning and sanitisation, as well as R64.4 million for security personnel at COJ-occupied corporate buildings that is currently being administered by JMPD. The subsidy from the

COJ was increased to accommodate these expenses.

JPC has attained a profit before tax of R37.4 million and an after tax profit of R19.4 million with a tax expense of R17.9 million for the 2020 financial year. The tax expense arises from the deferred tax asset on losses from previous financial years, taxable profits for the 2020 financial year have been utilised against this. The provision for debt impairment gave rise to a R17 million temporary difference in the tax computation that further accelerated the use of accumulated tax losses. Year-on-year revenue grew by 24.5%, however the various adjustment budgets increased JPC revenue and expenditure concurrently. The profit for the year enhances JPC's going concern and bodes well for the next financial year.

The cash position of the entity resides at negative R187 million; and year-on-year indicates a recovery in the overdraft due to the recovery of outstanding intercompany and related party debtors during the financial year. The improvement in the cash position from 2019 is in excess of R85 million and the improvement is further illustrated in the cash coverage ratio improving from 5.95:1 to 3.17:1 in the 2020 financial year. This improvement comes despite average monthly expenditure increasing year-on-year.

JPC has a current ratio of 0.93:1 as compared to the norm of 1:1, the ratio remains stagnant around this benchmark. The main



contributors to this adverse ratio are the loan accounts with the shareholder, the sweeping account with Group Treasury and Group Finance being the most notable. This position is expected to improve as the profitability of JPC improves in 2020/21.

**J**PC has a solvency ratio of 1:1 against the norm of 2:1 and is factually insolvent, whereby the financial statements indicate that total assets exceed liabilities by R4.6 million. The accumulated surplus increased significantly across the 2019 and 2020 financial years as compared to previous financial years, thus improving the solvency of JPC in 2020. Management of JPC remain positive in their sentiment that the going concern will improve in the 2020/21 financial year.

**J**PC spent 45% of the allocated Capex budget of 160 million. The budget was increased by R50 million in the final adjustment budget received on the 29<sup>th</sup> of June but could not be committed or spent by financial year end; nor could existing projects be completed due to the national lockdown across the end of March and April. Further to this, JPC obtained approval from the MMC to reallocate R30million Capex from the Sandown project to site development but the reallocation was disallowed by Council during the final adjustment budget. Taking these into consideration, JPC could not spend R87 million of the R160million Capex budget. Discussions are in progress with the COJ on rolling funding and projects forward into the next financial year.

**D**uring the financial year SARS conducted a VAT audit for the 2015 and 2017 financial years. SARS re-assessed VAT submissions for the period March, April, May and June 2015 periods as well as December 2017 and raised penalties and interest based on their reassessment amounting to R2.7million. The penalties and interest arose from the transfer of rental contracts to JPC from the COJ during the integration in 2013/14. The contracts are authorised and contracted for on behalf of the COJ but are budgeted for and paid by the JPC. SARS refused to acknowledge the relationship between JPC and the COJ and treats both entities as separate entities as opposed to holding and subsidiary companies. Input VAT deductions for rental invoices have been disallowed as a result of the reassessment.

In concluding the 2019 financial year audit, the Audit General of South Africa (AGSA) found that five of the six floors in Forum 1 of Braampark Office Park were unutilised, with only Group Governance in occupation of the 6th floor. The AGSA considered rental and parking less the recovery for rental from Group Governance to conclude on an amount that should be declared and disclosed by JPC as fruitless and wasteful expenditure for the unutilised floor space for the 2019 financial year. Using a similar assumption for the calculation of fruitless and wasteful expenditure, JPC has incurred R24.3million for the YTD.

**D**uring the 2018/19 financial year, JPC has incurred R7.1 million in irregular expenditure on fleet services from AVIS. A new service

provider has been appointed by the COJ, however, that contract has also been declared irregular along with AVIS being extended until further notice from the COJ. During the 2019/20 financial year, JPC has incurred a further R11.4 million in irregular expenditure for the continuation of the fleet service contract from the COJ. As fleet services are essential to the operations of JPC, and the appointment is controlled by the COJ, JPC has to continue to utilise the services until advised otherwise. As the irregular expenditure originates from the appointment at the COJ, a submission has been made to MPAC for condonement of the irregular fleet services expenditure in JPC and has been granted subsequent to the closure of the 2020 financial year.

**T**he JPC issued a tender for a panel of professionals under POP 03/2018. The tender was issued to the public through a competitive bidding process. The JPC Bid Adjudication Committee awarded the tender after having followed due process. The Auditor General declared the panel irregular stating that the Bid Evaluation Committee members were not fair in allocating their scores. The JPC has since withdrawn the panel under POP 03/2018 and bidders were informed of the

withdrawal. The total value of appointments made through this panel is R2.3 million.

**T**he BEE spend is an indication of JPC's commitment to transformation and currently resides at 100% of all goods and services acquired by both JPC and Portfolio.

**P**reparation for the 2019/20 financial year-end audit began at the conclusion of quarter two. Management intends on utilising and leveraging existing strengths in financial reporting and compliance to achieve a positive audit outcome. The new 2021 financial year will bring with it many economic and social challenges, JPC will not be exempt from facing more constrained operational budgets and revenue in the 2021 financial year as the COJ's budgets and spending will need to be channelled towards health services and the economic recovery of the COJ. However, additional revenue sources through facilitation fees and outdoor advertising will continue the trend of growing solvency and liquidity.



Rajen Chetty  
Acting Chief Financial Officer

## Section 5: Corporate Profile and Overview of the Entity

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

### Core Mandate

JPC is mandated to manage and develop COJ's property portfolio for the purpose of maximising both social and commercial opportunities for the Council. JPC derives its mandate from a signed Service Delivery Agreement (SDA) with its sole Shareholder, the CoJ and it provides these core functions:

DIAGRAM 1: JPC CORE FUNCTIONS



The entity has 1715 employees, based at the head office and various depots, who execute the strategy of the organisation.

### Vision

To provide property and facilities management, property development, property asset management services, land strategy, acquisition and stewardship in order to maximise the social, economic and financial benefit to the CoJ and support the CoJ's 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, as well as interacts with the public in respect of the property portfolio. JPC will support the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery objectives of the CoJ.

### Values

The values adopted by JPC are:

- Professionalism
- Accountability
- Responsibility
- Customer Service, and
- Trust

### Unique Competitive landscape

JPC is unique, as no other municipality comprehensively manages its property portfolio through a municipal entity. JPC manages a diverse portfolio consisting of various classes of assets, i.e. residential,

office, commercial, social (sports facilities and stadiums), and service delivery (clinics, fire stations, community centres) assets.

While there are companies offering property and facilities management and others dealing with property development, the social and service delivery assets are unique to municipalities. JPC is not only focused on the financial returns (profits), but also has to fulfil the social, economic and empowerment mandates of the municipality. JPC provides for two categories of leases i.e. Commercial and social.

**TABLE 3: JPC PROGRAMMES**

JPC Flagship Programmes		
<ol style="list-style-type: none"><li>1. Inner-City and Student Accommodation Redevelopment Projects</li><li>2. Soweto Empowerment Zone</li><li>3. Watt Street Precinct</li><li>4. Randburg Civic Precinct</li><li>5. Petrol Stations</li><li>6. Paterson Park</li><li>7. Southern Farms Development</li></ol>		
Projects Completed in 2019/20		
<ol style="list-style-type: none"><li>1. Revamping of the informal trading stalls in the Inner City (Region F)</li><li>2. Computer Equipment Upgrade</li><li>3. Dobsonville Informal Trading Market Upgrade</li><li>4. Public Convenience Region F</li></ol>		
Projects in progress at year end		
<ol style="list-style-type: none"><li>1. Jabulani Civic Development</li><li>2. Inner-City Redevelopment</li><li>3. Rosebank Linear Park</li><li>4. OSO Midrand Civic Development</li><li>5. Bertram Priority Block</li><li>6. Bryanston Wedge</li><li>7. Riverside View Housing</li><li>8. OSO Head office: Metro Centre Precinct</li><li>9. OSO Watt Street Interchange Precinct</li></ol>		

### Political Governance and Accountability

JPC relies on the Department of Economic Development for direction on its contractual

obligations contained in the Service Delivery Agreement, and on the Member of the Mayoral Committee for its political mandate

and oversight. The Group Governance unit provides corporate governance and related support, including financial sustainability and compliance reporting and review

The Council's Portfolio Committee on Economic Development provides political oversight of the JPC's activities and functions. JPC also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of the other departments and entities mandated with spatial transformation and economic growth of the city is integrated and coordinated.

JPC's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company.

### **Significant factors affecting the External Environment**

During the year under review, load shedding was implemented due to limited power generation, which impacted on the entire country. The impact for JPC was in respect of corporate buildings that required emergency repairs and maintenance in cases damaged building infrastructure i.e. air conditioners, lights etc.

Furthermore Covid 19 pandemic has had an immense impact on JPC's operations and as a result JPC has to navigate through uncertainty while addressing this challenges amongst others:

- Declining revenues as a result of fragile economy

- Implementation of financial holiday repayment programmes for the tenants within the informal sector to provide livelihoods given the high levels of unemployment
- Repurposing of COJ land or properties for supporting the Community Development initiatives while encouraging existing businesses to reinvest,
- Small and micro businesses will be the most affected so JPC should put measures in place to cushion the blow of the impact and assist in reshaping the structure of the economy.
- Land Invasions: Land invasions and illegal occupations have severe financial implications in the form of loss of assets and reallocation costs to find alternative accommodation and ensuring the securing of the property to prevent future invasions.

### **Section 6: Strategic Objectives**

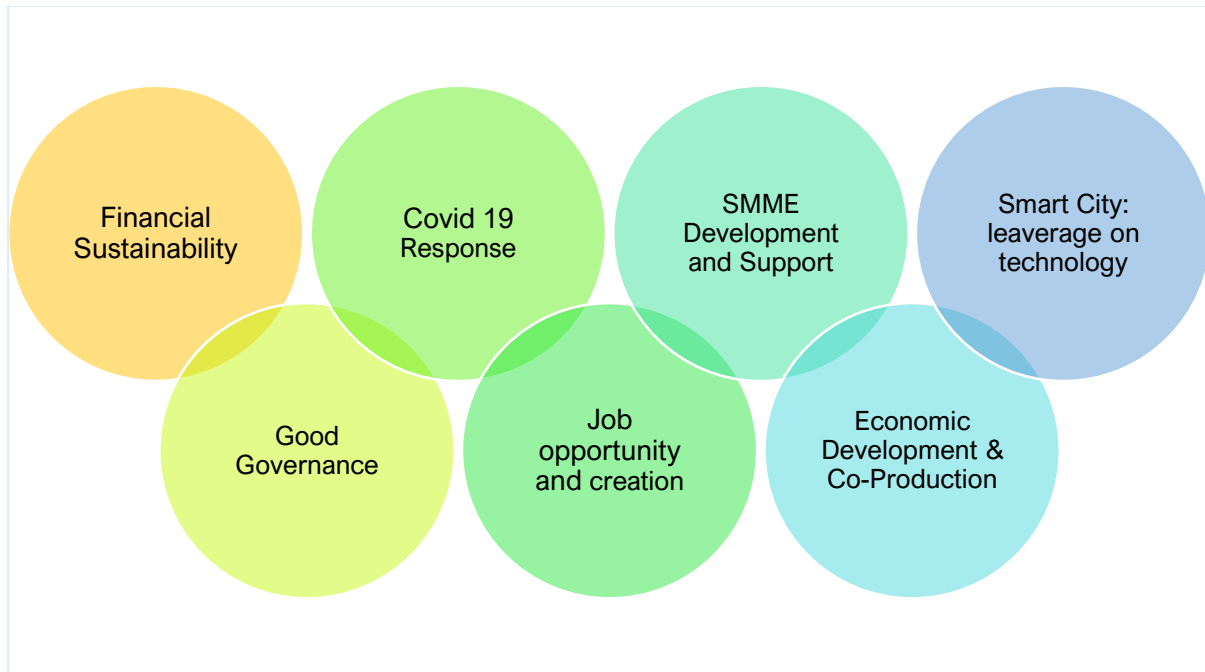
JPC's corporate strategy is aligned with the Integrated Development Plan (IDP), the Joburg 2040 Growth and Development Strategy (GDS) and the strategic priorities. The City has confirmed four GDS Outcomes with their accompanying Outputs to guide the strategic direction of its entities. These four (4) GDS outcomes, are linked to the identified eleven (11) strategic priorities including the one addressing the COVID-19 pandemic. JPC actively contributes to the following **two GDS outcomes** within the economic cluster outlined in the table below:

GDS OUTCOMES	GDS OUTPUTS	PRIORITIES	FOCUS AREAS
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens.	<b>Job-intensive economic growth</b> <ul style="list-style-type: none"> <li>Promotion and support to small businesses;</li> <li>Increased competitiveness of the economy; and</li> <li>A 'smart' City of Johannesburg, that is able to deliver quality services to citizens in an efficient and reliable manner.</li> </ul> <b>Re-industrialisation</b> <ul style="list-style-type: none"> <li>Randburg Civic Precinct;</li> <li>Midrand Precinct;</li> <li>Jabulani Precinct; and</li> <li>Roodepoort Precinct.</li> </ul>	<ol style="list-style-type: none"> <li>Economic Development</li> <li>Job Opportunities and Job Creation</li> <li>Financial Sustainability</li> <li>SMME Development and Support</li> </ol>	<ol style="list-style-type: none"> <li>Regeneration of the Inner-City of Joburg through the release of property developments and property management to the private sector.</li> <li>Attracting of investment through the unlocking of land through property developments.</li> <li>Intervening to stimulate development in the South through Mega Projects such as Southern Farms Development and Sowetan Empowerment Zone.</li> <li>Revitalising Township Industrial Parks and stimulating Township Economies.(i.e. Soweto Empowerment Zone).</li> </ol>
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region.	<ol style="list-style-type: none"> <li>Active/effective citizen Gauteng City Region.</li> <li>Responsive, accountable and efficient metro.</li> <li>Financially and administratively sustainable and resilient city.</li> <li>Citizen empowerment and participation.</li> <li>Customer care and service.</li> <li>Global positioning of Johannesburg.</li> <li>Building cooperative and intergovernmental partnerships.</li> <li>A responsive, corruption-free, efficient and productive metropolitan government.</li> </ol>	<ol style="list-style-type: none"> <li>Good Governance</li> <li>COVID 19 Response:</li> <li>Smart City</li> </ol>	<ol style="list-style-type: none"> <li>Income raised from leases and servitudes sales and land sales.</li> <li>Implementation of the outdoor advertising masterplan.</li> <li>100% Capex Spend.</li> <li>Unqualified Audit.</li> <li>Improving infrastructure and visible service delivery.</li> <li>Planned and unplanned maintenance including sanitizing the facilities and buildings as part of prevention of the spread of COVID 19.</li> <li>Identification of sites/ properties to use for temporary accommodation</li> <li>Unleashing innovation, reducing energy consumption through working with developers to identify opportunities for smart infrastructure in new property developments.</li> </ol>

TABLE 4: JPC GDS OUTCOMES

### Our Strategy

JPC's mandate as a Property Company is to achieve positive developmental outcomes by creating an enabling environment that promotes economic growth and transformation while contributing to the long-term COJ's service delivery objectives. However this has evolved to focusing also on:



**DIAGRAM 2: JPC STRATEGIC PILLARS**

JPC pursues the creation of an innovation ecosystem that leverages on technology and extracting the maximum value from city assets; to improve the quality of lives of the COJ residents through these medium to long term smart city initiatives among others:

- Unleashing innovation in respect of its property development projects;
- Identify opportunities for smart infrastructure;
- Strategic Partnerships with commercial funding partners to identify new innovations for private sector funding and support; and
- Promote green roof tops to lower temperatures in Inner City and provide food sustainability.

JPC focuses also on the attainment of a clean audit, optimising resources, increasing productivity and improved service delivery as part of embedding good governance principles and financial stabilisation.

JPC will partner with City departments such as Housing, Economic Development and Community Development to identify sites/land or properties that could be used in the delivery of public services in manner which citizens are involved in the creation and production of these services:

- Aesthetics management within precinct plans, Child care centres, early childhood development centres, Opportunity centres, Agricultural and



farming, Community centres and recreations.

The Business Plan outlines that performance objectives and targets that JPC must achieve as per the IDP, Budgets and SDIP.



TABLE 5: MAYORAL PRIORITIES & JPC'S CONTRIBUTION

MAYORAL PRIORITIES	JPC'S CONTRIBUTION TO THE PRIORITIES IN THE 19/20 SCORECARD
<b>Economic Development, Job Opportunities and Job Creation, SMME Development and Support</b>	<ul style="list-style-type: none"> <li>• R2.5 billion investment / Rand value attraction of investment on CoJ property</li> <li>• R600 million investment spend on CoJ property/construction value on the ground</li> <li>• 2 000 jobs created through property transactions</li> <li>• 1 930 SMME's supported through property transactions</li> </ul>
<b>Economic Development</b>	<ul style="list-style-type: none"> <li>• 250 asset management plans formulated</li> <li>• Acquisition of 15 properties along the Transit Oriented Development Zone</li> <li>• 20 of Inner-City properties approved in Council for release to private sector</li> <li>• 1 930 leases of shops and stalls concluded</li> <li>• Development and management of 50 public conveniences</li> <li>• Release of 100 properties on social and economic leases including servitudes and sales</li> </ul>
<b>Good Governance</b>	<ul style="list-style-type: none"> <li>• Train 300 employees</li> <li>• 90% of funded strategic vacancies filled within 90 days</li> <li>• 100% of disciplinary cases to be concluded successfully within 90 working days</li> <li>• Improving the safety of employees by ensuring zero fatalities</li> </ul>
<b>Enhance our financial sustainability &amp; Good Governance</b>	<ul style="list-style-type: none"> <li>• 30% implementation of the Outdoor Advertising Masterplan</li> <li>• 100% spend of the allocated capital expenditure budget</li> <li>• R180 million rental income raised from leases and servitudes sales</li> <li>• Audit opinion / unqualified audit opinion (clean audit)</li> <li>• 100% resolution of AG and internal audit findings</li> </ul>

TABLE 6: JPC STRATEGIC GOALS

Strategic Goals		
JPC's primary purpose is to maximise the return on City-owned land.		
Short-term Goals	Medium-term Goals	Long-term Goals
Release and renew property management of leases	Concentrating on commercial leases and growing the portfolio by 50% each for the next three years	CoJ properties utilised for commercial, social and service delivery purposes to attract investment, enhance the value of assets while generating revenue
Reduction of variables costs on rentals for office accommodation, i.e. City to utilise own office space	Sweating of existing CoJ assets to attain exponential growth in rental income, i.e. Office Space Optimisation (OSO)	Grow facilities management revenue by providing strong consulting services.
Understanding our customer and stakeholder needs	Establish our customer and stakeholder satisfaction needs	Improved customer and stakeholder satisfaction
Gaining efficiencies and service quality through IT standardisation.	Managing IT like a business: customer-focused, proven, competitive and trusted service provider	Use of technology of effective and efficient operations
Motivated employees	High performance culture inculcated	Invest in our staff to sustain optimal performance and a service-focused culture with committed people.
Reduce outdoor advertising illegal signs/clutter and renew expired leases (transitional plan)	Increate the outdoor advertising income to R300 million	Transform outdoor advertising sector so that there are role-players that are more diverse and representation of the South Africa demographics.
Redevelopment of existing facilities into public-private partnerships, i.e. Inner-City Revitalisation Programme	Increase in facilitation fees by introducing new property developments, i.e. property pipeline	Create high yielding property development; grow revenue while transforming the property industry.
Implement sound asset management practices through the land strategy	Land acquisition increased to R30 million over three years	Provision of land for socio-economic purposes as part of contributing towards a healthy growing economy

**Value Creation:** JPC has set out its business model with inputs, business processes, and outputs in line with principles four (4) and five (5) of the King IV report. The business model below demonstrates the value creation process in support of the City of Johannesburg's strategy. It further describes how we create value for our stakeholders through our core processes and deliver on our mandate.

As part of business ethos, the Entity recognises the interdependencies between the business and a range of inputs that include human, financial, social and natural capital. In turn, the business delivers meaningful impact on society and its various communities that goes beyond mere financial performance.



**TABLE 7: JPC CAPITAL VALUE**

Capitals	Utilisation of capitals	Reference
<b>Financial Capital</b>	Ability to generate cash flows and access to well-priced debt and equity funding determines our ability to fund growth.	Our Business Model Service Delivery Performance Chief Financial Officer's Report
<b>Social and Relationship Capital</b>	Quality relationships with our key stakeholders is vital to long-term sustainability. Building trust and credibility with our stakeholders is key.	Stakeholder Management Corporate Social Investment
<b>Intellectual Capital</b>	Our intellectual capital is largely dependent on our people and the development of Property portfolio solutions and strategies.	Our Business Model Service Delivery Performance
<b>Human Capital</b>	People are core to delivering our strategies. A pool of qualified, trained and talented people is required to deliver expectations supported by empowered management and support staff. Employment development and engagement remain focus areas to ensure we attract and retain highest calibre of people to drive our strategy.	Our Board of Directors Our Executive Management Team Human Resources Transformation Health, Safety and Environment
<b>Natural Capital</b>	Utilisation of natural capital i.e. Land/ property is predominately driven by our requirements for optimally located facilities upon which COJ can provide basic services	Our Business Model Service Delivery Performance Health, Safety and Environment

The value creation process is linked to:

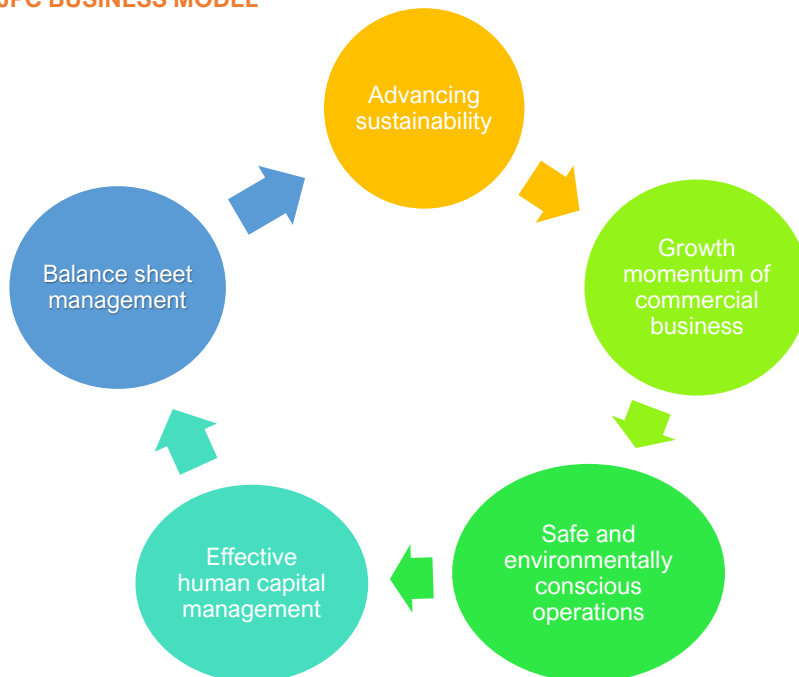
- Our external operating context: The environment in which we operate impacts our ability to create value.
- Identify risks and opportunities: Our strategy is impacted by risks that could materially impact the delivery of value to our stakeholders
- Stakeholder engagement: We are reliant on being perceived as a credible

stakeholder partner. Delivering value to stakeholders influences our reputation.

- Governance: We are a values-based organisation, committed to high standards of business integrity and ethics

Material matters are those issues that could substantially affect our ability to create value in the short, medium and long term and result in us not being able to execute our strategy:

DIAGRAM 3: JPC BUSINESS MODEL



Our executive management is responsible for managing the material matters in a structured way and ensures that they remain current and relevant.

### JPC BUSINESS MODEL

At the core of our business model is providing efficient and effective service delivery to the residence of Johannesburg. JPC has adopted a Developmental Service Delivery, which is based on the concept that people contribute to their own developmental destiny. The key

difference of the co-production model and the developmental service delivery model is that in the co-production model, the community generally has skills and resources while in the developmental service delivery model there is a deficit of skills and resources.

**Business Impact:** Maximise Social, Economic and Financial benefit to CoJ as well as support the delivery objectives on a cost competitive basis.

TABLE 8: JPC STRATEGIC GOALS



BUSINESS ACTIVITIES	OUTPUTS PARTNERSHIPS	VALUE PROPOSITION	OUTCOMES	REVENUE STREAMS
Risk Management	Economic and Social Interventions	Affordability	Investment Attraction	Outdoor Advertising
Governance & Strategic Implementation	Job Creation & SMME Development	Access to Land Property	Financial Social Sustainability	Property Development
Stakeholder Management	Property Infrastructural Interventions	Growth in the Informal Business Sector	Community Development and Social Initiatives	Facilitation
Property Development Facilitation	Promote Innovation & Knowledge Sharing	Optimal Use of the City's Assets	Transformation of Property Industry	Fee
Project Management	Ensure Financial Sustainability		Economic Sustainability	Lease Income
Innovation & Good Practice				Acquisition and Sales
Outdoor Advertising				Facilities Management
Facilities Management				Informal Trading

## INPUTS



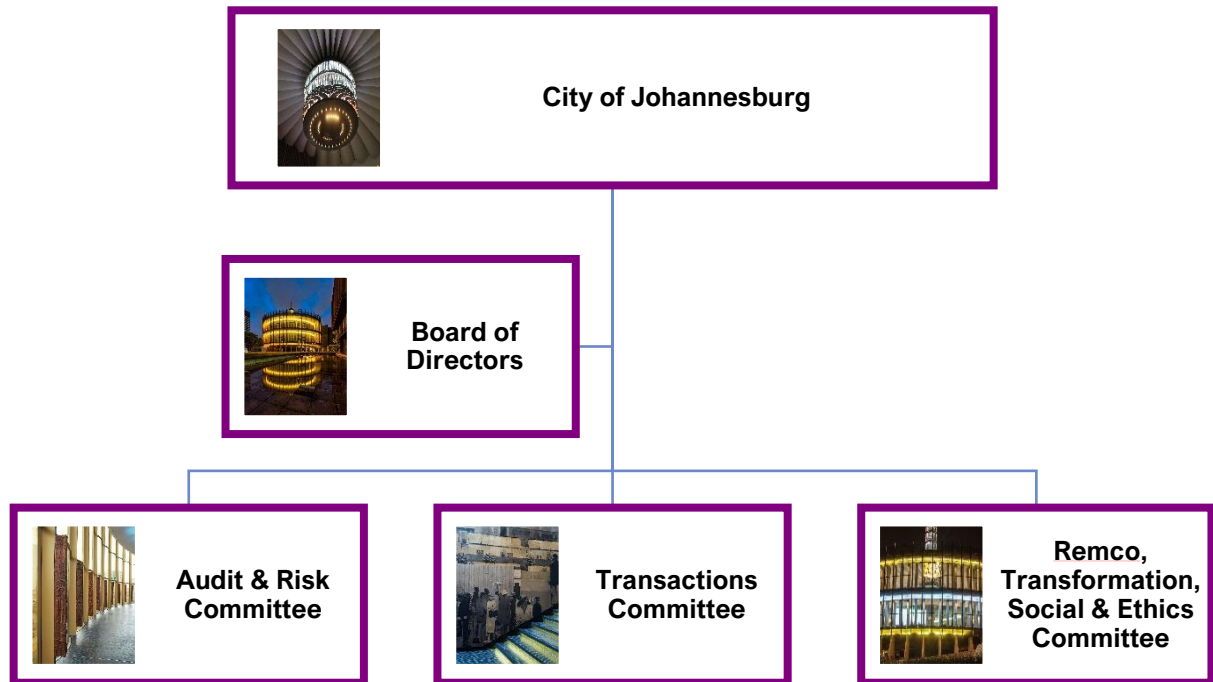
DIAGRAM 4: JPC BUSINESS MODEL – This creates sustainability for our stakeholders



## Chapter 2: Governance



### Section 1: Corporate Governance Statement & Structure



**DIAGRAM 5: JPC BOARD GOVERNANCE STRUCTURE**

JPC has a unitary Board, which consists of executive and non-executive directors. In accordance with Principle 7 of King IV, the Board is chaired by a non-executive Director, Mr Caswell Rampheri. The Board meets regularly (at least quarterly) and retains full control of the company.

It remains accountable to the CoJ Metropolitan Municipality as its single shareholder and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement (SDA) and Shareholder Compact concluded in accordance with the provisions of the MSA governs the entity's relationship with the CoJ.

In terms of the company's Articles of Association, there may not be more than 11 directors on the Board, of which two shall be executive directors. The Board is currently fully capacitated with eight non-executive directors and two executive directors. The design of the entity's governance structure is influenced by the MSA, MFMA and the Companies Act.

JPC's decision-making and administration comply with the MFMA, MSA, and the Companies Act. JPC follows King IV Report on Corporate Governance for South Africa, 2016.



### Board Composition & Diversity

*The financial year 2019/2020 was marked by several Board composition changes, which were the result of resignations and the Annual General Meeting where Board membership appointments are made by the Shareholder. For the year under review the Board of Directors consists of ten (8) Non-Executive Directors and (2) Executive Directors.*

The Board composition complies with the Memorandum of Incorporation MOI. JPC regards diversity on the Board of Directors as a significant part of sustainable operations, and a success factor that allows the company to reach its strategic goals.

Diversity is part of a functional Board of Directors, which is able to work together and respond to the requirements set by the company's businesses and strategic goals, and to challenge the company's management in a proactive and constructive manner.

The Board of Directors comprises Mr. C Rampheri (Chairperson), Ms. Y Erasmus, Mr. T Harper, Mr. I Hendricks, Mr. S Masemola, Mr. M

Rabodila, Ms. A Ramakoaba, Ms. K Sithebe, Mr. V Ward, Ms. H Botes (Chief Executive Officer and Executive Director), and Mr. I Bhamjee (Chief Financial Officer and Executive Director)". The standard term of appointment for Board members is one year. Board members are eligible for re-appointment for a further two terms.






### Changes to the Board:

Ms Kululwa resigned from the Board of JPC effective 5 February 2020. Mr. M. Rabodila was appointed the Chairperson of JPC from April 2019 to 10 March 2020.

The Shareholder at its Annual Shareholder General Meeting (AGM) held on 11 March 2020: retired the following Board Members: Ms. Maggie Mojapelo, Ms. Yongama Pamla, Mr. Jake Letsapa, Mr. Obakeng Mongale, Mr. Lonwabo Qina and Prof. HC Kasan. Mr M Rabodila was reappointed to the Board as an NED. The JPC Board comprised of the following eight (8) non-executive directors and two (2) executive director:



## Section 2: Directors Profiles

Mr. Caswell Rampheri	Ms. Abigail Ramakoaba	Ms. Khanya Sithebe	Mr. Moeketsi Rabodila	Mr. Sepheu Masemola
				
<b>Chairman Non-Executive Director</b>	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director
<b>Age: 50</b> <b>Qualifications:</b> BA Law, LLB, Higher Diploma in Tax, Certificate in Shopping Centre Management, Certificate Programme in Finance and Accounting	<b>Age: 38</b> <b>Qualifications</b> MSc Health Services Research (City University of London), MSc: Biochemistry (University of Zululand), BSc Biochemistry Honors (University of Zululand), BSc Biochemistry (University of Zululand)	<b>Age: 30</b> <b>Qualifications</b> LL.B (Bachelor of Laws) Witwatersrand University, South Africa Languages	<b>Age: 57</b> <b>Qualifications</b> Masters of Business Administration, Bachelor of Arts, Dissertation "Marketing Strategy" Public Sector, Majors – Law III & Industrial Sociology	<b>Age: 41</b> <b>Qualifications</b> CIMA Diploma in Management Accounting, Microsoft Excel Advanced Formulas, Certificate in Accounting, Certificate in Estate Agency, Bachelor of Commerce Degree Finance, Certificate in Business Management, Matric
<b>Skills and Expertise:</b> Experience in commercial properties stretches over 23 years and covers Leadership and strategy as well as a wealth of experience in Property Development, Property Asset Management, Property Management and Property Investments.	<b>Skills and Expertise:</b> Sales and Marketing Management-Public Sector, Key Account Management (Public Health Business), Stakeholder & Relationship Management, Market research and analysis Strategy planning and execution, Gap analysis and risk mitigation, Public sector supply chain enquiries management and sales follow up, Forecasting, Sales planning, Brand Management Corporate Governance, Project Management Teaching and Mentoring	<b>Skills and Expertise</b> Khanya is a corporate and commercial lawyer and provides assistance in general corporate and commercial law related matters. She assists in drafting a myriad of agreements relating to business structures and deals. She performs legal research and drafting opinions on various complicated legal matters. She drives litigation matters from start to successful completion.	<b>Skills and Expertise:</b> Strategic Planning, Corporate Governance (Legal Compliance), Audit and Risk Management, Budget Finance, Integrated Service Delivery, Strategic Direction and Leadership, Change Leadership and Cabinet Reporting and Council Reporting	<b>Skills and Expertise:</b> Management of Year-End Financial Reporting to Stakeholders, Process Design, Implementation & Management, Managing financial operational efficiencies; Budgeting and Control, Financial Management, Negotiation
<b>Professional Membership:</b>  <b>Other Directorships:</b> Board Member Delta Property Fund & Chairperson of the Investment Committee	<b>Professional Membership:</b>  <b>Other Directorships:</b> Board Member-Sizani home based care givers			
<b>Appointed 11 March 2020</b>	<b>Appointed 11 March 2020</b>	<b>Appointed 11 March 2020</b>	<b>Appointed: February 2019</b>	<b>Appointed 11 March 2020</b>

Mr. Trevor Harper (CA) SA	Mr. Vernon Ward	Ms. Yolandi Erasmus	Ms. Helen Botes	Mr. Imraan Bhamjee
				
<b>Non-Executive Director</b>	<b>Non-Executive Director</b>	<b>Non-Executive Director</b>	<b>(Chief Executive Officer) Executive Director</b>	<b>(Chief Financial Officer) Executive Director</b>
<b>Age:</b> 64 <b>Qualifications:</b> Chartered Accountant, B.Compt Honours, Risk Management Programme, Postgraduate Diploma in Marketing, Postgraduate Diploma in Information Systems, Concrete Technology Diploma	<b>Age:</b> 59 <b>Qualifications</b> Certificate in Insolvency and Liquidations, Certificate in Labour Law, Certificate in Alternative Dispute Resolution, Advanced Course in Labour Law	<b>Age:</b> 34 <b>Qualifications</b> LLB, Notary Articles, Trademarks and Copyright level 1, Practice Management Training	<b>Age:</b> 57 <b>Qualifications</b> Master Business Administration (MBA) Executive Leadership Development Programme Diploma in Treasury Management	<b>Age:</b> 44 <b>Qualifications</b> BComp Honours Accredited as Registered Government Auditor (RGA) Advanced certificates in Auditing, Leadership Management & CTA
<b>Skills and Expertise:</b>	<b>Skills and Expertise:</b>	<b>Skills &amp; Expertise:</b> Corporate & Commercial Risk management & Governance  <b>Professional Membership:</b> Legal Practice Council Associate of the Institute of Risk Management South Africa	<b>Skills &amp; Expertise:</b>	<b>Skills &amp; Expertise</b>
			Treasury and banking, money market trading, trading of financial instruments, foreign exchange, retail bonds for CoJ, economic development, property development and management.	Financial management, audit & risk management, process & control mapping, management consulting, product management, relationship management.
<b>Appointed 11 March 2020</b>	<b>Appointed 11 March 2020</b>	<b>Appointed 11 March 2020</b>		

TABLE 9: JPC BOARD PROFILES



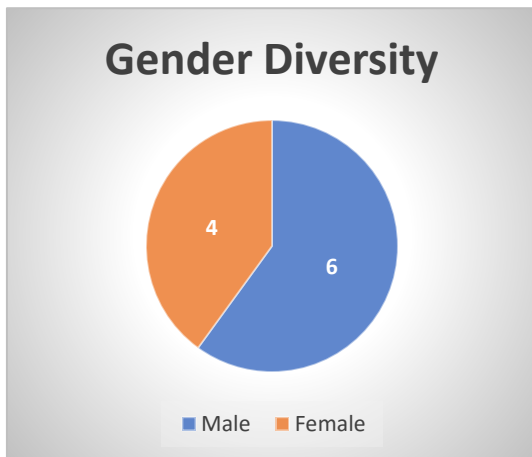
### Board of Directors

Appointment of Board Members is in terms of the Governance Policy. When selecting board members, the shareholder has ensured that the Board of Directors wholly supports the development of JPC's current and future business operations.

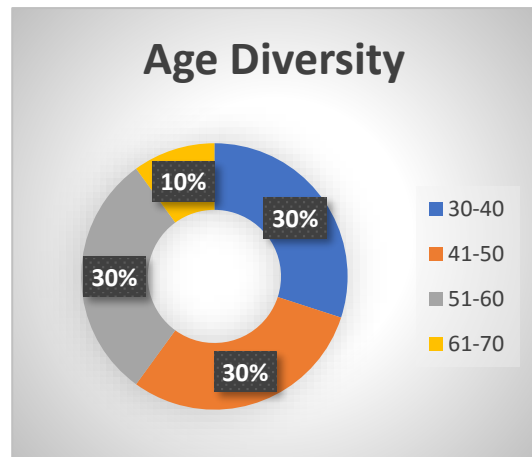
### Board Diversity in terms of Skills & Racial Demographics

The Board is satisfied that it is properly constituted with complementary set of skills, balance of power, experience and personal characteristics. The Board prides itself in a dynamic boardroom culture anchored on high ethical standards. The level of Diversity in the Board guarantees robust engagement on matters given the various professional and personal backgrounds of the members.

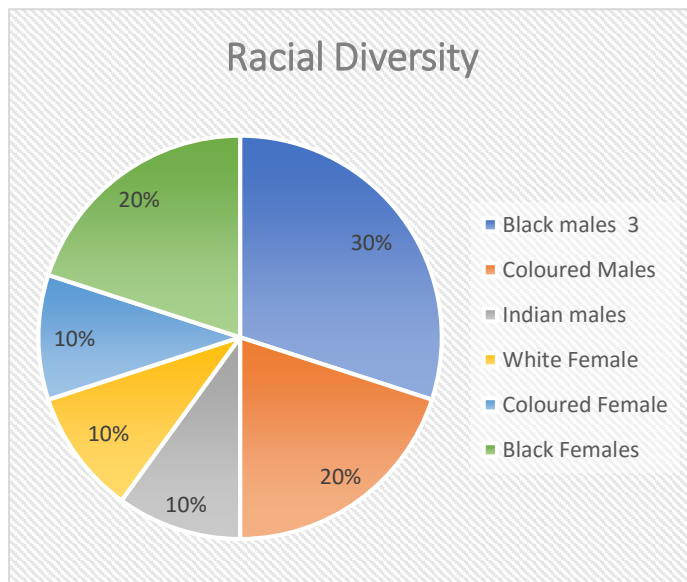
**DIAGRAM 6: DIRECTORS GENDER DIVERSITY**



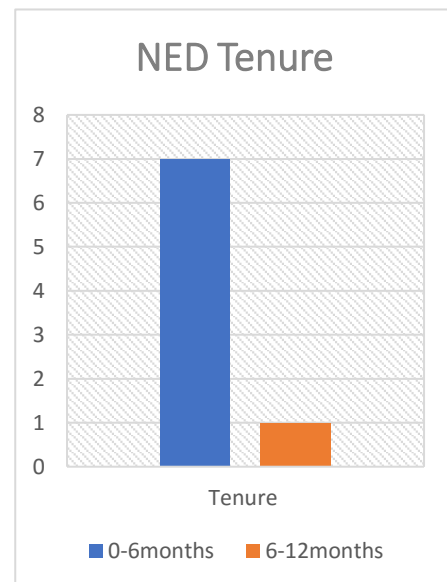
**DIAGRAM 7: DIRECTORS AGE DIVERSITY**



**DIAGRAM 8: DIRECTORS RACIAL DIVERSITY**



**DIAGRAM 9: DIRECTORS NED TENURE**



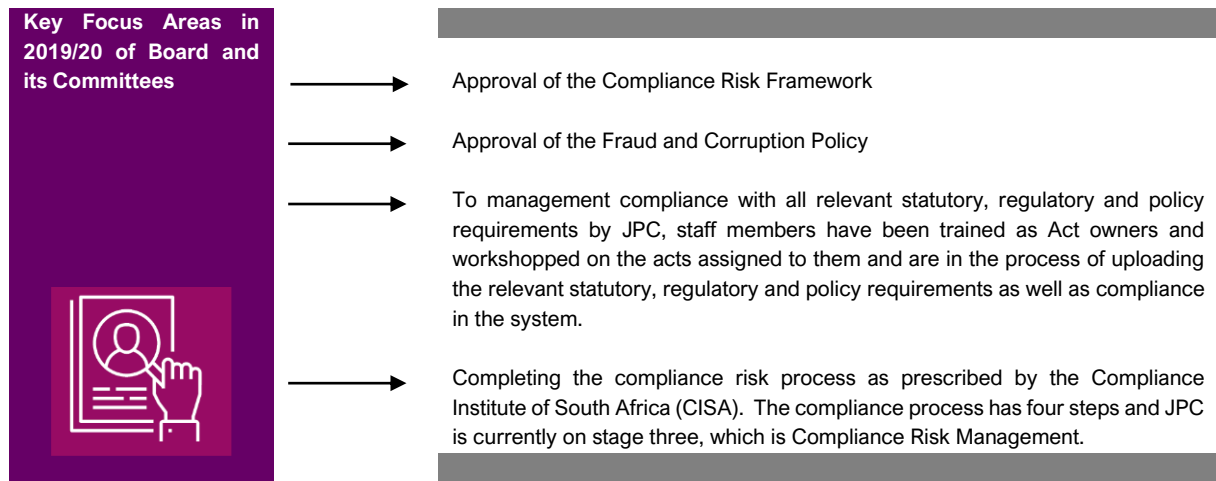
### **Role of the Board**

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.

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.

DIAGRAM 10: JPC BOARD &amp; COMMITTEES FOCUS AREAS



The Board confirms that the sub committees have discharged its mandate during the period under review.

### Section 3: Board & Committees Meetings

The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and effective discharge of its duties in line with King IV. The JPC Board has delegated particular roles and responsibilities to Board Committees based on relevant legal requirements as well as what is appropriate for the JPC and achieving the objectives of delegation. The Board recognises that duties and responsibilities can be delegated but that accountability cannot be abdicated and, that the Board therefore remains ultimately accountable.

To discharge its responsibilities the Board is assisted by 3 (three) Board Committees, namely the Audit and Risk Committee, the Social and Ethics Committee, Transformation and Remuneration Committee and the Transactions and Service Delivery Committee.

Committees	Audit & Risk Committee	Transactions and Service Delivery Committee	Remco, Transformation, Social and Ethics Committee
<b>Focus Area</b>	<ul style="list-style-type: none"> <li>Integrated Reporting</li> <li>Financial Reporting</li> <li>Internal Audit and External Audit Matters</li> <li>Risk - Management Information and Technology Governance</li> <li>Information &amp; Cyber Security</li> </ul>	<ul style="list-style-type: none"> <li>Consider and to recommend to the Council for approval, and subject to the applicable legislation, the following property related transactions:               <ul style="list-style-type: none"> <li>Alienation of Property;</li> <li>Acquisition of Property;</li> <li>Granting Amending, Acquiring and/or cancellation of servitudes;</li> <li>Property Donations;</li> <li>Barter;</li> <li>Outdoor Advertising and Cellular Masts;</li> <li>Leases, use, management agreement and/or control agreements;</li> <li>Property Development</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Remuneration Strategy and Policy</li> <li>Succession Planning</li> <li>Human Capital Management</li> <li>Good Corporate Citizenship</li> <li>Ethical Leadership and Conduct</li> <li>Social and Economic Development</li> <li>Stakeholder Relationships</li> <li>Reputation Management</li> </ul>

Committees	Audit & Risk Committee	Transactions and Service Delivery Committee	Remco, Transformation, Social and Ethics Committee
	<b>80% Attendance</b>	<b>83% Attendance</b>	<b>100% Attendance</b>
<b>Meeting Schedule</b>	The Committee met once during period under review	The Committee met thrice times during the period under review	The Committee met thrice times during the period under review.
<b>Composition</b>	<ul style="list-style-type: none"> <li>Mr. Trevor Harper (Chair)</li> <li>Ms. Yolandi Erasmus</li> <li>Ms. Mpho Mosweu</li> <li>Mr. Big boy Kekana</li> <li>Mr. Patrick Makape*</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Sepheu Masemola (Chair)</li> <li>Ms. Yolandi Erasmus</li> <li>Mr. Moeketsi Rabodila*</li> <li>Ms. Khanya Sithebe</li> <li>Mr. Vernon Ward*</li> <li>Mr. Ismail Hendricks</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Vernon Ward (Chair)</li> <li>Ms. Khanya Sithebe</li> <li>Ms. Abigail Ramakoaba</li> <li>Mr. Sepheu Masemola</li> </ul>

TABLE 10: JPC BOARD &amp; COMMITTEES DELEGATION

### Cross-Functional Responsibilities

The Board acknowledges the cross functional responsibilities that exist between the Social and Ethics Committee and the Audit and Risk Committees. Each Committee has developed a framework of monitoring its activities and responsibilities. This is done through sharing of information about matters serving and discussed at each Committee.

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

Board	Audit and Risk Committee	Transactions Committee	Remco Transformation, Social and Ethics Committee
15 July 2019	12 July 2019	12 July 2019	10 July 2019
27 August 2019	20 August 2019	15 October 2019	14 October 2019
30 September 2019	15 October 2019	26 November 2019	23 January 2020
16 October 2019	19 November 2019	27 January 2020	14 April 2020
29 November 2019	29 November 2019	14 April 2020	5-6 May 2020*
29 January 2020	24 January 2020	28-29 April 2020*	
16 April 2020	15 April 2020		
2 June 2020			
8 June 2020			
18 June 2020			

TABLE 11: JPC BOARD AND COMMITTEE MEETINGS

### Section 4: Directors' & Prescribed Officers Remuneration

Directors' remuneration is regulated through the City of Johannesburg's Group Policy on Governance of Interim Municipal Entities. The fees paid to non-executive directors and independent Audit and Risk Committee members for the period 1 July 2019 to 30 June 2020 were as indicated in **Table 13**.



TABLE 12: DIRECTORS FEE STRUCTURE

Type of Meeting	Fees: 01 July 2019 to 10 March 2020	Fees: 11 March to 30 June 2020
<b>Board</b>		
Chairman - Meeting	R16 000	R16 000
Member-Meeting	R12 000	R12 000
<b>Audit and Risk Committee</b>		
Chairman - Meeting	R8 000	R8 000
Member-Meeting	R6 000	R6 000
<b>Transactions Committee</b>		
Chairman - Meeting	R8 000	R8 000
Member-Meeting	R6 000	R6 000

TABLE 13: NON-EXECUTIVE DIRECTORS REMUNERATION

YTD Directors Payments			
Name of Director	Meetings Attended YTD	Other Meetings YTD	Emoluments
Ms Y Erasmus	6	-	R52 174
Mr T Harper	5	-	R48 696
Mr I Hendricks	4	-	R36 522
Prof H Kasan	14	1	R109 565
Mr J Letsapa	11	3	R108 000
Mr S Masemola	6	-	R53 913
Ms M Mojapelo	9	8	R125 804
Mr O Mongale	11	3	R99 130
Ms K Muthwa	14	6	R165 217
Ms Y Pamla	17	7	R215 652
Mr L Qina	9	3	R99 130
Mr M Rabodila	14	10	R270 696
Mr A Ramakoaba	5	-	R46 957
Mr C Rampheri	4	1	R62 610
Ms K Sithebe	6	-	R52 174
Mr V Ward	6	-	R48 696
<b>TOTAL</b>			<b>R1 594 935</b>

TABLE 14: NON-EXECUTIVE DIRECTORS REMUNERATION

YTD Directors Payments		
Name of Independent Audit Committee Member	Meetings Attended YTD	Emoluments
Mr G Dunnington	6	R36 522
Mr B Kekana	1	R5 217
Ms S Mzizi	6	R31 304
Mr Z Samsam	7	R67 826
		<b>R140 870</b>



### **Board Induction & Information**

An induction for directors was held at the CoJ on 6 June 2019 after the Annual General meeting of 17 April 2019. All company information is captured in a document management system under the control of the Company Secretary. Board members have unrestricted access to the Company Secretary, as well as all company records and documents.

### **Board Assessment 2019/20**

A formal assessment of the Board was conducted by the Shareholder through its Group Governance Department.

The purpose of the assessment was to establish insight into how well the Board could be improved or enhanced. The outcome reflected that the Board had been meeting its performance objectives.

### **Disclosure of Interest**

Each time the meeting of the Board or one of its subcommittees was convened, a specific item was included in the agenda on declaration of interest. During the period under review, there were no conflicts of interest. The attendance and declaration of records are kept in one register and are open for scrutiny.

## **Section 5: Company Secretarial Function**

### **Company Secretary**

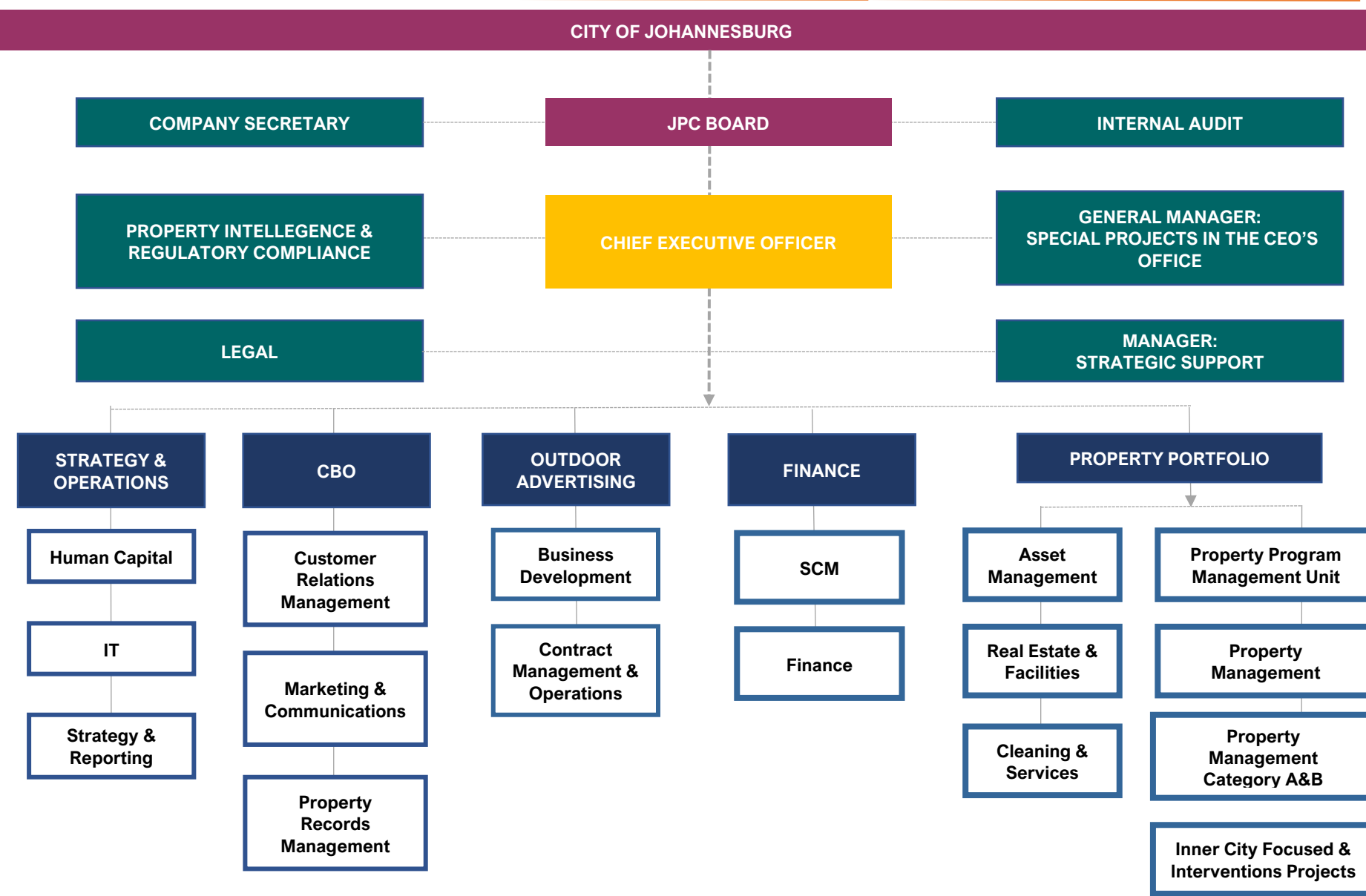
Ms Sharon Ramoetlo is the Company Secretary of the Joburg Property Company SOC Limited, appointed by the Board in terms of the relevant legislative requirements. In addition to her statutory duties, the Company Secretary plays a key role in managing governance, secretariat and key stakeholder relationships affecting the Board. She also provides guidance and advice to the Board and its Committees to ensure compliance with the applicable legislation, rules and regulations in conducting the affairs of the Board and ensures that all matters associated with its efficient operation are maintained.

### **Declaration by the Company Secretary**

In terms of section 88(1)(e) of the Companies Act, 2008, I hereby declare that, to the best of my knowledge and belief, the Joburg Property Company SOC Limited has lodged with the Registrar of Companies, for the financial year ended 30 June 2020, all such returns and notices as are required of a State-Owned Company in terms of the Companies Act, and that all such returns and notices appear to be true, correct and up to date.

## **Section 6: High Level Organisational Structure**

### **TABLE 15: HIGH LEVEL ORGANISATIONAL STRUCTURE**



### Section 7: Executive Management Team



**Helen Botes:**  
(Chief Executive Officer)  
Executive Director

#### Expertise & Experience

Treasury and banking, money market trading, trading of financial instruments, foreign exchange, retail bonds for CoJ, economic development, property development and management.

#### Qualifications

Master Business Administration (MBA)  
Executive Leadership Development Programme  
Diploma in Treasury Management



**Imraan Bhamjee:**  
(Chief Financial Officer)  
Executive Director

#### Expertise & Experience

Financial management, audit & risk management, process & control mapping, management consulting, product management, relationship management.

#### Qualifications

BComp Honours  
Accredited as Registered Government Auditor (RGA)  
Advanced certificates in Auditing, Leadership Management & CTA



**Sthembiso Mtungwa**  
(Executive Manager: Property Portfolio)

#### Expertise & Experience

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

#### Qualifications

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



**Fanis Sardianos:**  
(Executive Manager: Strategic Corporate Support)

#### Expertise & Experience

Member of the task team that established JPC, implemented JPC's client service and applications system. Strategic and operation 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 & Commerce – Local Government,  
IMFO (Institute of Municipal Finance Officers),  
BMA (Board for Municipal Accountants)



**Tshepo Mokataka**  
(General 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 & Local Government Law;  
Postgraduate Diploma in Labour Law

**TABLE 16: EXECUTIVE MANAGEMENT TEAM PROFILES**



**Sharon Ramoetlo**  
(Company Secretary)

#### Expertise and Experience

Legislative compliance, governance, subsidiary company management, investor relations, corporate reporting, ethics management, corporate planning and budgeting.

#### Qualifications

LLB  
Programme for Management Development (PMD) Advanced Company Law CIS (Chartered Company Secretaryship)



**Sipho Mbethe**  
(General Manager: Outdoor Advertising)

#### Expertise & Experience

Served in the Office of the Executive Mayor, the City of Johannesburg Municipality-Department of Development Planning, and the Department of Environmental Affairs: Gauteng Provincial Government. Vast experience in a range of business development and public policy operational methodologies, project management, business planning and by-law enforcement.

#### Qualifications

Bachelor of economics



**Brenda Jacobs**  
(Acting Executive Manager: CBO)

#### Expertise and Experience

Board Leadership & Local Governance, Risk & Compliance, and Stakeholder & Relationship management. Operations Management and Change Agent.

#### Qualifications

Municipal Finance Management Programme'  
Certificate Programme in Municipal Development for Municipal Finance, South African Institute of Chartered Accountants (SAICA), and Articles – Associate General Accountant



**Sipho Mzobe**  
(General Manager: Internal Audit)

#### Expertise and Experience

Internal and External Audit experience, Business plan development, Strategic and Operational Risk Assessments, Accounting and Financial Management reporting and disclosure, Completed the Wits Business School's Municipal Executives Finance Management Course in 2017.

#### Qualifications

B Com (Accounting),  
BCompt (Hons), and  
CTA Chartered Accountant (RSA)

## Executive and Senior Management Remuneration

The remuneration of the Executive and Senior Management is governed by the JPC remuneration policy, which is aligned to the City's policy. The policy is reviewed every two years and approved Board.

JPC policy allows employees to cash a maximum of eight leave days in a 12 month period provided the compulsory leave of sixteen days have been taken. JPC policy allows also for a once off long term service leave on the year the employee qualifies and no other non-financial benefits.

JPC remuneration packages includes variable pay (performance bonus) which is paid out in terms of the company's policies and processes. The policy does not allow the sign-on fees, retention and restraint payment.

Furthermore, the policy does not have provisions for pre-vesting forfeiture (malus) and post-vesting forfeiture (claw-back) of remuneration. JPC employees are not paid any commissions, and allowances are included as part of total cost to Company. Remuneration of Senior Management is relatively fixed, with adjustment being an annual increase and performance based payment. The policy does not detail any obligation, which could give rise to payment on termination, with the exception of leave pay-out and performance bonus, if applicable.

JPC always compares itself to the 50th percentile. As indicated in the table below, there were no exgratia payments during the period. The remuneration packages outlined in the table below reflects both fixed and variable remuneration. The variable Remuneration consists of the performance bonus, which is not guaranteed, but subject to policy provisions.

YTD EXECUTIVE SALARIES AS AT 30 JUNE 2020								
Name	BASIC SALARY YTD	TRAVEL ALLOW.	LEAVE PAY	13 <sup>TH</sup> CHEQUE/ PERFORM. BONUS	ACTING ALLOW.	GRATUITIES	COMPANY CONTRI.	TOTAL
Botes HM	R 2 585 432	R250 000	R119 603	R348 842	R-	R-	R34 323	R 3 338 201
Matthews CL	R -31 503	R-	R-	R-	R-	R-	R10 558	R -20 945
Ramoetlo MD	R 660 577	R-	R-	R-	R-	R-	R80 120	R 740 697
Mzobe SG	R 328 453	R70 000	R-	R104 166	R55 114	R-	R311 128	R 1 868 861
Mokataka T	R 1 342 228	R-	R-	R99 180	R-	R-	R292 655	R 1 734 064
Padayachee K	R 264 128	R30 000	R102 147	R-	R-	R 300 000	R57 169	R 753 445
Mbethe ES	R 1 452 709	R52 630	R47 607	R99 180	R-	R-	R326 170	R 1 978 295
Mntungwa SZ	R 1 759 558	R-	R-	R298 156	R-	R-	R393 295	R 2 451 009
Sardianos F	R 1 759 131	R-	R-	298 156	R-	R-	R393 232	R 2 450 519
Bhamjee I	R 1 689 489	R96 000	R-	298 155	R-	R-	R366 681	R 2 450 325
	R12 810 203	R498 629	R269 357	R1 545 835	R55 114	R 300 000	R2 265 332	R 17 744 470

\* The 5<sup>th</sup> column indicates 13<sup>th</sup> cheques paid to those that did not qualify for performance bonuses at the time.

TABLE 17: EXECUTIVE MANAGEMENT YTD SALARIES

## Section 8: Governance of Stakeholder Relationships

The management of stakeholder relationships was arranged in such a way that the board maintained oversight, while management remained the contact point. Stakeholder engagement practices are key success factors in achieving our strategy and form part of the boundaries and scope of our Enterprise Risk Management Framework.

Our first priority is creating value through (and in partnership) with our stakeholders is to ensure that we manage our stakeholder's relationship ethically and accountably. We do so through various governance mechanisms includes Regional Councillor Road Shows and Client Services but these mechanisms were improved and improvised on to accommodate the new normal brought about by the Covid-19 pandemic.

Sustainable relationships with stakeholders form the foundation of JPC's ability to create value in the short, medium and long term. The material stakeholder interests, and level of influence vary according to geographical location, area and nature of their roles. The entity has identified a number of stakeholders broken down into the following categories:

### The Shareholder: City of Johannesburg

Our Shareholder mandates us to deliver a City's priorities and ensure internal JPC strategic objectives are in line with growth and development (GDS 2040) other plans and policies of the city.

TABLE 18:

How we engage	Material Interests
<ul style="list-style-type: none"> <li>Regular scheduled engagement with Mayors, Members of Mayoral Committee (MMC), Councillors, and Executive Directors</li> <li>Strategic engagements between the City and JPC to report on Annual Business Plans i.e. Council, Mayoral and Sub Mayoral Meetings, Mayoral and EMT Lekgotla, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Execution</li> <li>Policy and Regulatory Uncertainties</li> <li>Liquidity and Capital Project Execution</li> <li>Reporting and Compliance</li> <li>Revenue and Financial Sustainability</li> <li>Strategy Execution</li> </ul>

### Investors, Commercial Partners, Government

Key investing opportunities, which could lead in economic growth approaches with COJ. Innovation through partnership as an essential mechanism for measuring the quality end scope of service while reducing costs. These stakeholders include the property industry, Heritage Council, Outdoor Advertising industry, government institutions (national, provincial and state-owned entities), and informal traders, among others.

TABLE 19:

How we engage	Material Interests
<ul style="list-style-type: none"> <li>Investor Briefings</li> <li>Joint Planning Sessions</li> <li>Commercial Networks and Business Interactions</li> </ul>	<ul style="list-style-type: none"> <li>Capital Project Execution</li> <li>Investment Opportunities</li> <li>Impact on the Community</li> <li>Collaboration in planning of Property Development Projects</li> <li>Servitude Agreements</li> </ul>

### Organised Labour

JPC engages with Organised labour through collective agreements and established forums

TABLE 20:

How we engage	Material Interests
<ul style="list-style-type: none"> <li>Investor Briefings</li> <li>Joint Planning Sessions</li> <li>Commercial Networks and Business Interactions</li> </ul>	<ul style="list-style-type: none"> <li>Capital Project Execution</li> <li>Investment Opportunities</li> <li>Impact on the Community</li> <li>Collaboration in planning of Property Development Projects</li> <li>Servitude Agreements</li> </ul>

### Communities

JPC's activities affect the lives of communities in and around the jurisdiction of the City of Johannesburg. JPC actively promotes economic growth through property related transactions.

TABLE 21:

How we engage	Material Interests
<ul style="list-style-type: none"> <li>Communication and engagement campaigns</li> <li>Roadshows</li> <li>Client services walk-ins halted as result of Covid-19</li> <li>Email queries</li> </ul>	<ul style="list-style-type: none"> <li>Socio-economic impact on communities</li> <li>Relationship with community representatives i.e. Councillors</li> <li>Property and Land appropriation</li> <li>SMME and Entrepreneurial opportunities</li> <li>Service Delivery</li> </ul>

### Employees

The principle human capital needed by JPC to enable its business.



TABLE 22:

How we engage	Material Interests
<ul style="list-style-type: none"> <li>Regular Staff meetings and Roadshows</li> <li>Newsletters</li> <li>Regular collective bargaining talks through the Bargaining Council</li> <li>Commercial networks and business interactions</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Labour Law</li> <li>Changes in terms of conditions of service</li> <li>Health and safety of employees</li> <li>Operating Procedures</li> <li>Performance and Productivity</li> <li>Training and Development</li> <li>JPC Strategic Direction</li> </ul>

### Media and the General Public

The print, broadcast and electronic social media with transparent access to information relating to JPC performance including large scale economic and developmental achievements and potential failures.

TABLE 23:

How we engage	Material Interests
<ul style="list-style-type: none"> <li>Media briefings and press release</li> <li>Communication and engagement campaigns</li> <li>Media Roadshows</li> <li>Participation in section specific and trade publications</li> <li>Commercial networks and business interactions</li> </ul>	<ul style="list-style-type: none"> <li>Perceived lack of transparency and information availability</li> <li>Request for Proposal</li> <li>Job Creation</li> <li>Land</li> </ul>

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 company maintained a healthy working relationship with various government departments, such as National Treasury, the Gauteng Provincial Government and the sister departments within the CoJ.

The entity maintained a healthy working relationship with the various media houses to ensure that its reputation and public opinion remained positive. Regular press statements were issued on planned and unplanned service disruptions and the entity responded promptly to all media queries forwarded to JPC. Its social media following increased from month to month, which made communication with external stakeholders more effective and efficient.

The methods of engagement vary from one stakeholder to another but include CEO workshops, JPC open days, media tours, quarterly reports, attendance of meetings, Indabas, business breakfast meetings, briefing sessions. Due to Covid19 pandemic, JPC had to become innovative and introduce online platforms to drive stakeholder engagements.

Attention was paid to the environment within which JPC operates, taking cognizance 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. Future areas of focus are improving on the stakeholder managements areas that are deemed to be on low level during the engagements with stakeholders.

### Section 9: Risk Management

Every year the Board of Directors approves the key risk which are likely to have the most material impact on the company's ability to achieve its predetermined objectives.

The JPC policy and framework on Risk Management is fully aligned to the CoJ group policies, ISO 31000 and the King Code of Corporate Governance. Management identifies, monitors and reports on progress made on the top ten risks to the Audit and Risk Committee on a quarterly basis.

This Committee is mandated to oversee the Risk Management function in order to ensure that there is an effective system of risk management in place within the company. During the 2019/20 financial year, the JPC Executive Management Team identified a total of ten strategic risks and the risk profile comprised of a range of categories including Financial, Service Delivery, Human Capital, Governance and ICT risk, majority of which were rated high to very high residual.

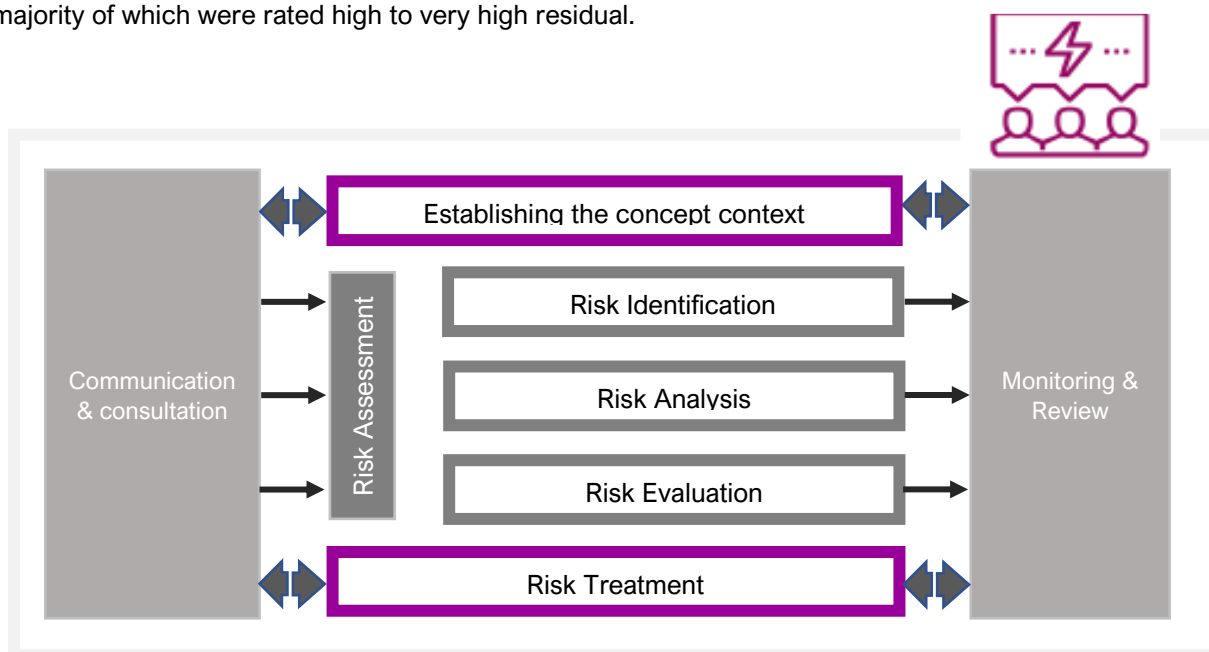
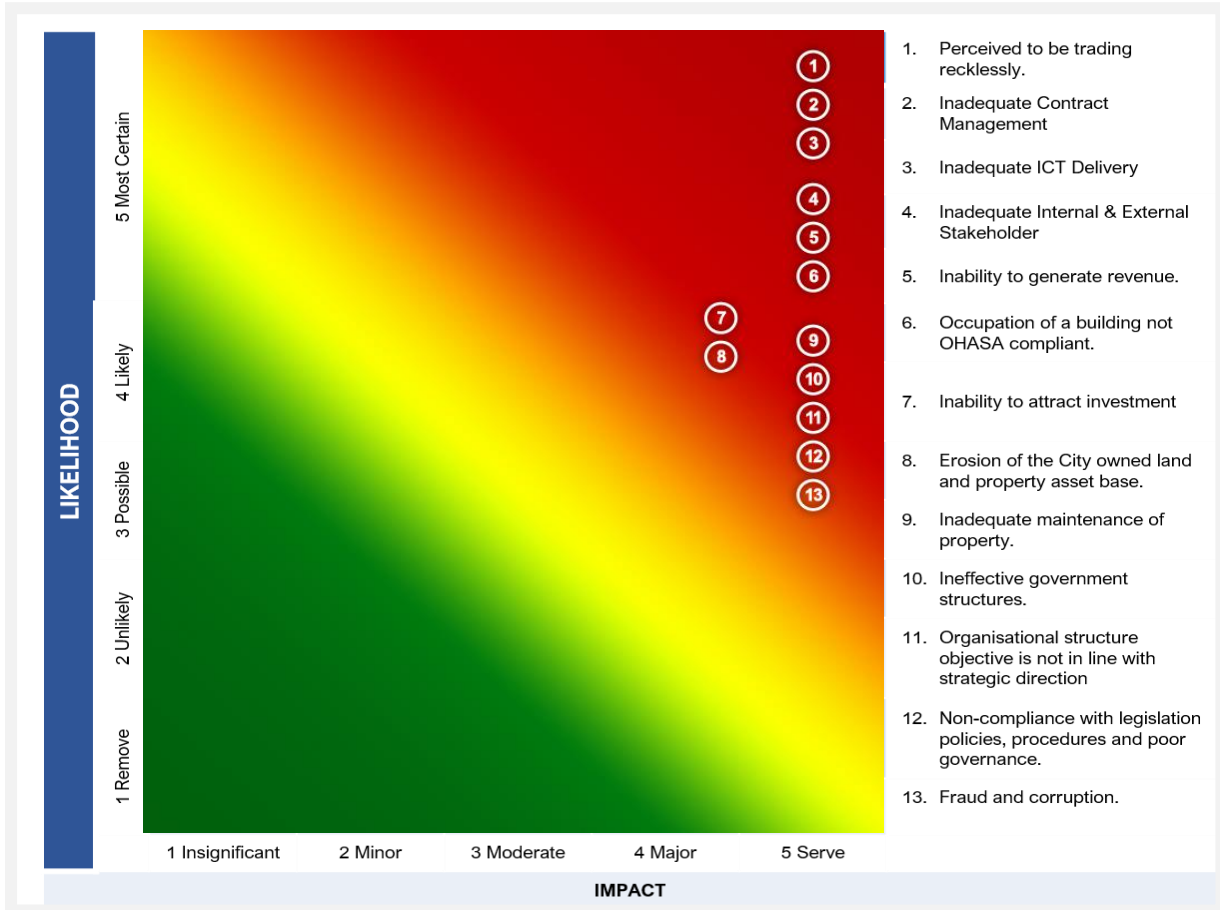


TABLE 24: JPC RISK MANAGEMENT STRATEGY

JPC monitors its quarterly performance against the approved 2019/20 Strategic Risk Register, and measures improvements according to the number of action plans implemented by Management.

During the current year 42% of the risk plans were implemented for the top thirteen strategic risk, having had a minor impact on the overall risk profile at year end. The 2019/20 Strategic Risks, as captured below, with thus form of baseline for the 2020/21 Strategic Risk Register Review.

**DIAGRAM 11: STRATEGIC RISK REGISTER REVIEW**



Exposure Rating	Assessment	Action Required
Very High 20 - 25	Unacceptable	Requires immediate attention from Management on implementation of corrective measures
High 12 - 19	Unacceptable	Implementation of improvement opportunities and validation of current controls
Medium 6 – 11	Acceptable with caution	Evaluation and improvement of currently controls
Low 1 - 5	Acceptable	Validation and optimisation of controls

**TABLE 25: RISK REGISTER RATING TABLE**

Other key activities that will be undertaken during the new financial year will include a Risk Management Workshop with the Board, development of departmental operational risk registers as well as project risk registers based on the strategic and service delivery important of projects to the Company.

TABLE 26: KEY RISKS &amp; MITIGATION STRATEGIES AS AT 30 JUNE 2020

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
<b>Perceive to be trading recklessly</b>	<ul style="list-style-type: none"> <li>Contracts only entered into for budgeted expenses.</li> <li>Suppliers paid within 30 days Letter requested form the City that protects directors as JPC is insolvent but still trading.</li> <li>Shareholder mayoral requested to write off the interest charged as a result of late payment by third parties.</li> <li>Internal control deficiencies that results in fruitless and wasteful expenditure have been addressed.</li> <li>Dedicated email accounts for all fixed cost register –monitored monthly by SCM officials. Suppliers informed to submit all invoices to these email accounts by 21st of each month.</li> <li>Fruitless and wasteful expenditure reported to board quarterly and investigated to ensure recovery of monies wasted.</li> <li>Increase revenue enhancing plans including the following initiatives: <ul style="list-style-type: none"> <li>Don't budget for revenue that is subject to conditions not fully in control of <ul style="list-style-type: none"> <li>JPC. E.g. Outdoor advertising by law or facilitation fee subject to council approval etc.</li> </ul> </li> <li>Pro-actively approach all departments with a budget to acquire properties and ensure properties are acquired and budget not returned, in order to earn our commission.</li> <li>Process to renew leases are commenced 1 year prior to expiry of the leases thus ensuring that council approval and tenders are awarded before the current lease expires</li> </ul> </li> </ul>	<b>Medium-term</b>
<b>Inability to generate revenue</b>	<ul style="list-style-type: none"> <li>CoJ subsidy in place and being received monthly</li> <li>Maintenance contracts and SLAs in place and works is being done and billed accordingly</li> <li>Commission's income received from capital projects, lease income and acquisitions.</li> <li>Prudent expenditure management</li> <li>Strict adherence to the approved and allocated annual JPC budget.</li> <li>Lease Audit ongoing to ensure completeness of properties leased by JPC in order to increase and measure revenue base.</li> <li>Increase projects that can generate facilitation fess.</li> <li>Release assets that are not strategic and not used, to increase commission.</li> <li>Focus on property acquisition for the City as a whole based on the budget availability</li> <li>SLA's include stricter controls e.g., <ul style="list-style-type: none"> <li>Credit limit and sign off by departmental CFO before JPC pays the suppliers,</li> <li>Purchase Order (PO) received before work is started.</li> <li>Clarifying the JPC contact person with departments</li> </ul> </li> <li>All new leases require debit order authorisation.</li> <li>Defaulters handed over and blacklisted after 60 days.</li> <li>Shareholder mayoral requested to write off the interest charged as a result of late payment by third parties.</li> <li>Leases for a period of three years and for less than 10million to be delegated to City Manager by Council to transact on those land parcels including temporary advertising signs such as at constructions sites.</li> </ul>	<b>Medium-term</b>

TABLE 26: KEY RISKS &amp; MITIGATION STRATEGIES AS AT 30 JUNE 2020

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
<b>Occupation of building not OHASA compliant</b>	<ul style="list-style-type: none"> <li>Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC in line with service level standard</li> <li>Letters issued to entities and departments that are occupying buildings not OHASA compliant.</li> </ul>	<b>Medium to Long-term</b>
<b>Inability to attract investment</b>	<ul style="list-style-type: none"> <li>Tracking and control of transactions through the committee system.</li> <li>Land preparation limited by budget</li> <li>Council approval obtained in terms of exemption provisions of the current 2009 By-laws (Section 8.(1) (J)) for JPC to implement certain aspects of the Masterplan such as high value advertising precincts and sites and street furniture pending finalisation of the current legal challenges facing the new Outdoor Advertising By-laws.</li> <li>Checklist showing adherence to legislative requirements</li> </ul>	<b>Long-term</b>
<b>Erosion of the City-owned land and property asset</b>	<ul style="list-style-type: none"> <li>Fully complaint asset register.</li> <li>Planned property maintenance activities for the City's corporate buildings that JPC is managing</li> <li>Regular councillor roadshow to discuss CoJ properties with the wards.</li> <li>Formulation of asset management plans</li> <li>Nicor system has a contract management module which is used to monitor all contracts</li> <li>Full utilisation of allocated budget for acquisition of properties</li> <li>Full asset register verification every two year</li> <li>Asset management plans monitored using tracking sheet to ensure that plans result in a transaction in the future</li> <li>Short term leases of less than three years and R10 million to be sent to City manager for approval and not council after council have delegated it powers to CM.</li> </ul>	<b>Long-term</b>
<b>Inadequate maintenance of property</b>	<ul style="list-style-type: none"> <li>Schedule of maintenance plan per department that that signed SLA</li> <li>Ad hoc maintenance as prompted by call outs due to urgent requests for repairs</li> <li>Some project teams have been formed and being deployed to temporarily complement teams that require assistance</li> <li>For all properties in bad state after point two, report the consolidated list to the board, in order for the board to engage with MMC and mayor regarding the issue.</li> <li>Allocated budget for repairs and maintenance</li> </ul>	<b>Medium-term</b>

**TABLE 26: KEY RISKS & MITIGATION STRATEGIES AS AT 30 JUNE 2020**

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
<b>Ineffective governance structure</b>	<ul style="list-style-type: none"> <li>• All committees have approved terms of reference that need to be adhered to.</li> <li>• Issues are escalated timeously to board committees and board</li> <li>• Annual work plan prepared considering all deliverables as per charter/ terms of reference.</li> <li>• Documents provided to the committees within 7 days prior to the meeting.</li> <li>• Documents approved subject to changes are provided to members after those changes. The committees are provided the final products of all documents discussed and approved.</li> </ul>	<b>Short-term</b>
<b>Organisational infrastructure not aligned to the strategic objective</b>	<ul style="list-style-type: none"> <li>• Approved organisational structure linked to our mandate</li> <li>• Critical vacancies are prioritised to minimise the impact to service delivery.</li> <li>• Performance management in place and regularly reviewed.</li> <li>• Conducting training needs analysis</li> <li>• Policies and procedures updated and communicated regularly to all employees.</li> <li>• Utilise interns to reduce the vacancy rate especially administrator level</li> <li>• Roll out change management interventions</li> <li>• Employees not complying with JPC code of conduct and other policies undergo disciplinary cases</li> </ul>	<b>Medium-term</b>
<b>Non-compliance with legislation policies procedures and poor governance</b>	<ul style="list-style-type: none"> <li>• Policies and procedures in place that are consistent with laws and regulations</li> <li>• Periodic regulatory compliance reviews by internal audit</li> <li>• Quarterly JPC compliance checklist in place</li> <li>• Annual employee's awareness campaign for the relevant laws, regulations and policies.</li> <li>• Review policies for legal and regulatory completeness (biennial/ every 2<sup>nd</sup> year).</li> <li>• Update and implement JPC compliance management framework which is aligned to the city wide compliance management framework.</li> <li>• Compliance system (Exclaim) is updated regularly as legislation changes</li> </ul>	<b>Short-term</b>

TABLE 26: KEY RISKS &amp; MITIGATION STRATEGIES AS AT 30 JUNE 2020

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
<b>Fraud and corruption</b>	<ul style="list-style-type: none"> <li>JPC support service policies and procedures in place</li> <li>Fraud and corruption (Prevention) committee in place</li> <li>Fraud and whistle blowing hotline and policy in place</li> <li>Periodic staff awareness training and workshops</li> <li>Quarterly reporting to ARC on fraud issues.</li> <li>Caveats are noted against all CoJ owned properties to safeguard against fraudulent transfer</li> <li>Employee's relations consequence management.</li> <li>Fraud prevention hotline has been fully implemented.</li> <li>Biennial promotion of fraud prevention and fraud hotline awareness through partnership with GFIS.</li> <li>Implementation of ER based on consequence management measures.</li> </ul>	<b>Long-term</b>
<b>Inadequate ICT delivery</b>	<ul style="list-style-type: none"> <li>Detailed environmental assessment of JPC vulnerability performed to identify all IT related issues.</li> <li>ICT Steering Committee in place</li> <li>IT service providers panel appointed to safeguard business continuity</li> <li>IT renewal program in place (Infrastructure refresh)</li> <li>Disaster Recovery Plan implemented</li> <li>Annual black box penetration test</li> <li>Periodic activity checklists</li> <li>Security IT policies and procedures are implemented</li> <li>Change management processes in place</li> </ul>	<b>Medium-long term</b>
<b>Inadequate Contract Management</b>	<ul style="list-style-type: none"> <li>Nicor system has a contract management module which is used to monitor all contracts.</li> <li>Quarterly report on state of contract management in JPC presented to ARC and Board.</li> </ul>	<b>Short-medium term</b>
<b>Inadequate Internal &amp; External Stakeholder Management</b>	<ul style="list-style-type: none"> <li>Marketing and communications strategy being executed (Social Media, Internet etc.)</li> <li>Client service Email &amp; Queue Management system deals with all walk-in customers (Monthly stats report generated).</li> <li>Manual tracking Worksheet for transactions, council approval, queries etc</li> <li>Internal communication strategy in place and implemented.</li> </ul>	<b>Short-medium term</b>



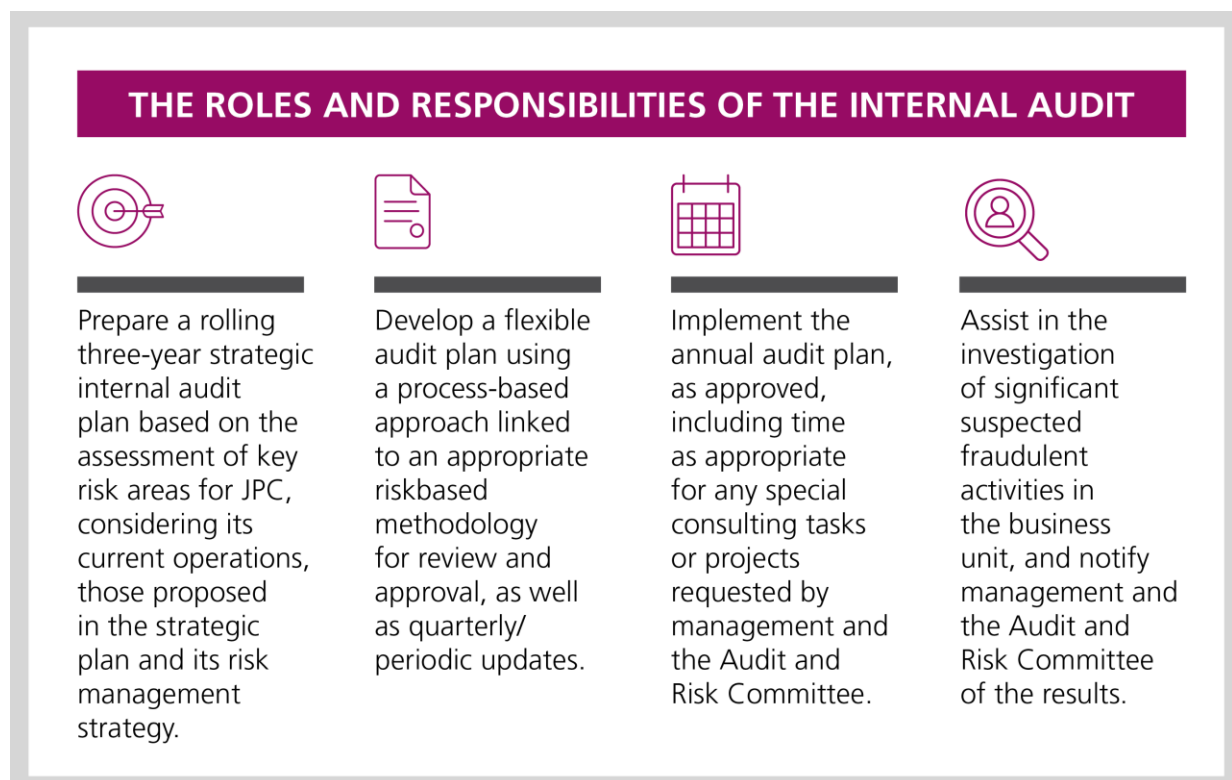
Internal Audit provides Management with assurance on the effectiveness of the Controls in place to manage the risk by conducting risk-based audits throughout the year and focusing on the adequacy of risk mitigation plans and their effectiveness in reducing risk exposure.

### Section 10: Internal Audit Function

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 (ISPPIA), which defines internal audit as “an independent, objective, assurance and consulting activity designed to add value and improve an organisation’s operations. It

JPC’s internal audit function conducted audits in line with the requirements of ISPPIA. 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:

**DIAGRAM 12: ROLES & RESPONSIBILITIES OF THE INTERNAL AUDIT**



JPC successfully established a panel of 15 service providers to assist the General Manager: Internal Audit, execute the full internal audit plan. Internal audit progress reports were directly submitted to the Audit and Risk Committee of the Board on a quarterly basis. Progress made against the approved Annual Internal Audit Plan is covered in detail in Chapter 6.

### **Section 11: Corporate Ethics and Organisational Integrity**

The JPC Board and Management abide by the principles of King IV, 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 IV 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 ethical 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 the 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.

### **King IV Reporting**

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 IV Report and continues to entrench further 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 IV. 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 IV Report. The Board will also review compliance with the provisions of the MFMA, which are compatible with the King IV principles, on a quarterly basis.

### Governance Framework

*JPC's governance structures are informed by the Group Governance Framework and supports the company's ability to create value in the short, medium and long term by creating an enabling environment within which to achieve strategic objectives.*

JPC views good governance as a vital component in operating a successful and sustainable business as well as providing assurance to its Shareholders that the Company is well managed.

JPC's governance structures are informed by the Group Governance Framework and supports the company's ability to create value in the short, medium and long term by creating an enabling environment within which to achieve strategic objectives.

JPC's formal governance structures oversee the Company's ethical performance through codes, policies and processes, and ensure that structural accountability and principled behaviour are promoted throughout the organisation. The City's Governance Framework clarifies governance roles and responsibilities

and enhances oversight, monitoring and evaluation within the Group Governance Functions. This reinforces the concept of the City as a 'Shareholder' and ensures alignment and consistency.

### Conflict of interest

The annual declaration of interest by all employees of JPC is overseen by the HR Department, and a status report is sent and approved by the Chief Executive Officer.

### Section 12: Compliance with Laws, Rules, Codes and Standards

The Board is responsible for ensuring that JPC complies with applicable laws and adheres to non-binding rules, codes and standards. JPC is committed to execute its mandate within the ambit of law. JPC, as part of its risk assessment process, identified non-compliance with laws and regulation as one of its major risks and is committed to seeing that it receives the attention required.

The Board ensured that management complied strictly with the relevant sections of the MFMA, with specific reference to Chapter 12, and the preparation of the annual financial statements. The annual financial statements, together with the Integrated Annual Report and the company's performance results were delivered to the parent municipality and the Auditor-General two months after the close of the financial year and or as per the MFMA exemption no 851 dated 05 August 2020.

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

At each Audit and Risk Committee meeting, an update on legal compliance is presented. This update included a legislative radar or forecast of significant legislative developments within the environment JPC operate in. Key areas of non-compliance, if any, were also brought to the attention of this committee. The focus areas were on MFMA Circular 68 (unauthorised, irregular, fruitless and wasteful expenditure), MFMA Section 65(2)(e) (thirty-day late payment reporting), as well as on all other legislations applicable to JPC.

All irregular expenditure was reported as required by MFMA Circular 68. The applicable Acts were also monitored and reported on during the year under review.

### Section 13: Sustainability Report

#### Health and Safety

JPC manages facilities for the CoJ and as a result, issues related to the Occupational and Health 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 and ensures compliance with OHASA legislations.

#### 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 that have low operating costs and use sustainable materials and recyclable products wherever possible. JPC's commitment is to maintain the grounds and buildings of 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, equipment and water efficiency fittings 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 incorporated into designs for new and refurbished buildings.

### Corporate Social Responsibility Report

The concept of sustainable development broadly underpins the Company's corporate social investment philosophy and function. The policy of JPC is to act as a facilitator, rather than a sole sponsor of social investment projects. In this way the long-term sustainability of projects is encouraged, additional donors are attracted, and historically 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

### Section 14: Anti-Corruption and Fraud

Section 195 of the Constitution requires institutions to develop policies and entrench practices to manage integrity and promote good governance. Pursuant to this goal, JPC complies

with all its applicable governing policies and those of the shareholder, including laws such as the Prevention and Combating of Corrupt Activities Act, 2004, and its related regulations.

In light of these governing policies, JPC's Management takes a zero tolerance approach to fraud and corruption.

The fraud investigation function is in the main, performed by the Group Forensic and Investigative Services (GFIS). According to the status report submitted for JPC for the year ended 30 June 2020, 1 case was received for investigation. However, the JPC has a Fraud and Corruption Committee (FRACC). In line with the JPC Anti-fraud policy, the FRACC does consider matters, relating to alleged fraud and corruption, which the JPC itself receives. The composition of FRACC is outlined in its Terms of Reference.

The FRACC is responsible for facilitating investigations into allegations of fraud and corruption, reported to JPC through its fraud hotline email address ([fraudhotline@jhbproperty.co.za](mailto:fraudhotline@jhbproperty.co.za)) and other reporting forms.

PROGRESS ON REPORTED CASES	
Cases referred to Group Legal for recovery of losses	No cases were referred to Legal and Contracts for recoveries
Cases referred for criminal prosecution	No cases were referred.
Status on FRACC cases	<ul style="list-style-type: none"> <li>Allegations of corruption implicating numerous officials of JPC. The allegations were referred to FRACC in an anonymous letter.</li> <li>FRACC resolved that the matter be investigated and pending the investigations, the official in Finance Department implicated in alleged misconduct, be placed on a precautionary suspension. This resolution was referred to HR to action and the precautionary suspension will commence in the coming financial year.</li> </ul>

TABLE 27: PROGRESS ON REPORTED CASES

The Board and the executive management adopted an integrated approach to ensure that effective measures are in place to:

- ✓ ensure the prevention and detection of fraud
- ✓ Manage the risk of fraud and bring it within tolerable levels.

During the year under review, JPC implemented the following activities:

- Managing the risk of supply chain management/ procurement fraud: To

minimise the risk associated with supply chain management/procurement fraud like corruption, all tenders above R5 million are referred to Internal Audit for a probity audit prior to the award of Bids by the Bid Adjudication Committee and approval by the Accounting Officer.

This process is a key control measure in preventing irregularities prior to the awarding of tenders.



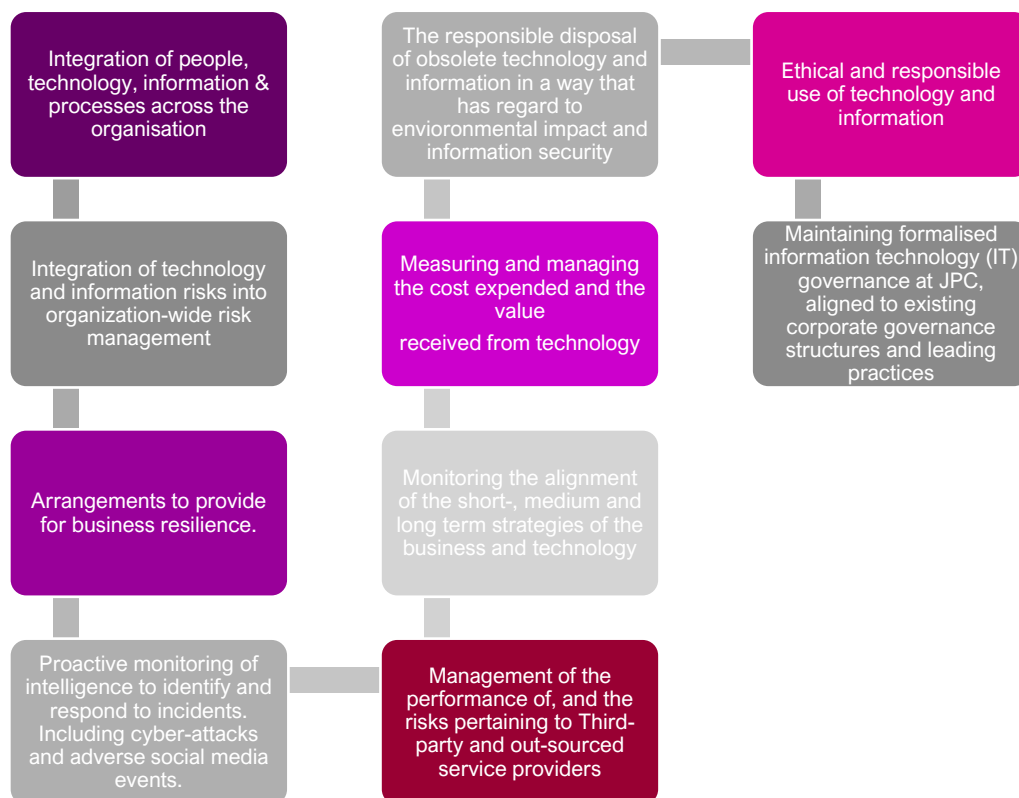


### Section 15: Information & Communications Technology (ICT) Governance

The Board acknowledges its responsibility for promoting and enabling innovation. In doing so, it has embraced innovation under Strategic Goal: Smart City: The use of technology for effective operations. The effective management of information technology and information systems is key to achieving the strategic objectives, particularly in delivering quality services to customers and stakeholders. Information and communications technology (ICT) was viewed as a key enabler of the entity's strategic objectives and, as such, required robust governance.

The entity's ICT governance objectives included the following:

**DIAGRAM 13: JPC ICT GOVERNANCE OBJECTIVES**



In line with King IV, the Board delegated to management the responsibility to implement and execute effective technology and management. To further our strategic objective of providing innovative and quality services, the company maintained the drive to deliver on key projects, all of which ultimately contributed to an improved service and mitigation of risks, including cyber threats. For the year under review, the major focus areas were as follows:

## Automation and technology innovation

### SAP enterprise resource planning (ERP) system:

JPC in partnership with the City, JPC is implementing CoJ SAP. At this stage there is network connection access for SAP Fiori Module to JPC Finance allowing domain access to enable making uploads and unbundling remotely.

### Protection of Personal Information Act (POPI Act):

In terms of Principle 7 of the Protection of Personal Information Act (PoPIA), security safeguards have been implemented on the entity's information systems, including user authentication and access control, password security and review of user access on a periodic basis. JPC has initiated a process to address PoPIA compliance

### Business analytics

In pursuance and support of the Smart City Strategy, JPC initiated to develop and deploy business unit dashboards covering key performance areas and indicators of business. These dashboards will lead to

Business automation transformation in these areas

**Informal trading:** technology becomes key with regard to data collection, verification of the traders and control of the spaces. The proposed tool that will include may be two or three devices wherein we must utilise them to collect data with a flexibility to upload such data to a financial system. The solution will have functionality to

scan barcode contained in the ID and take a picture of the documents

**PIMS:** JPC has acquired major technologies, K2 workflow, SharePoint and Microsoft SQL Server backend, which will drive the enhancement of services. Although work has started with the implementation of these technologies, there is still great work ahead to ensure that ICT environment adequately services its clients and it is stable.

The aim is that these online application solution is to will allow citizens and staff to have access to one online services application through a single sign on (SSO) opportunity thus eventually improving customer experience and provide significant ease to citizens

**Working From Home (WFH):** The COVID-19 outbreak challenged existing IT Business Continuity Management (BCM) initiatives and led also to the configuration of ICT resources to enable employees to Work from Home (WFH), and through 3G cards, Skype and Virtual Private Network (VPN) access. These products needed to be configured to ensure that staff can WFH securely, compliantly, and productively. The security vulnerabilities associated with remote access had to be addressed.

**Future focus areas:** Digital transformation (workforce optimisation) to implement a technology platform that optimises the service delivery value chain end to end from the time a customer engages with JPC and workforce teams will be equipped with ICT tools that ensures business continuity.

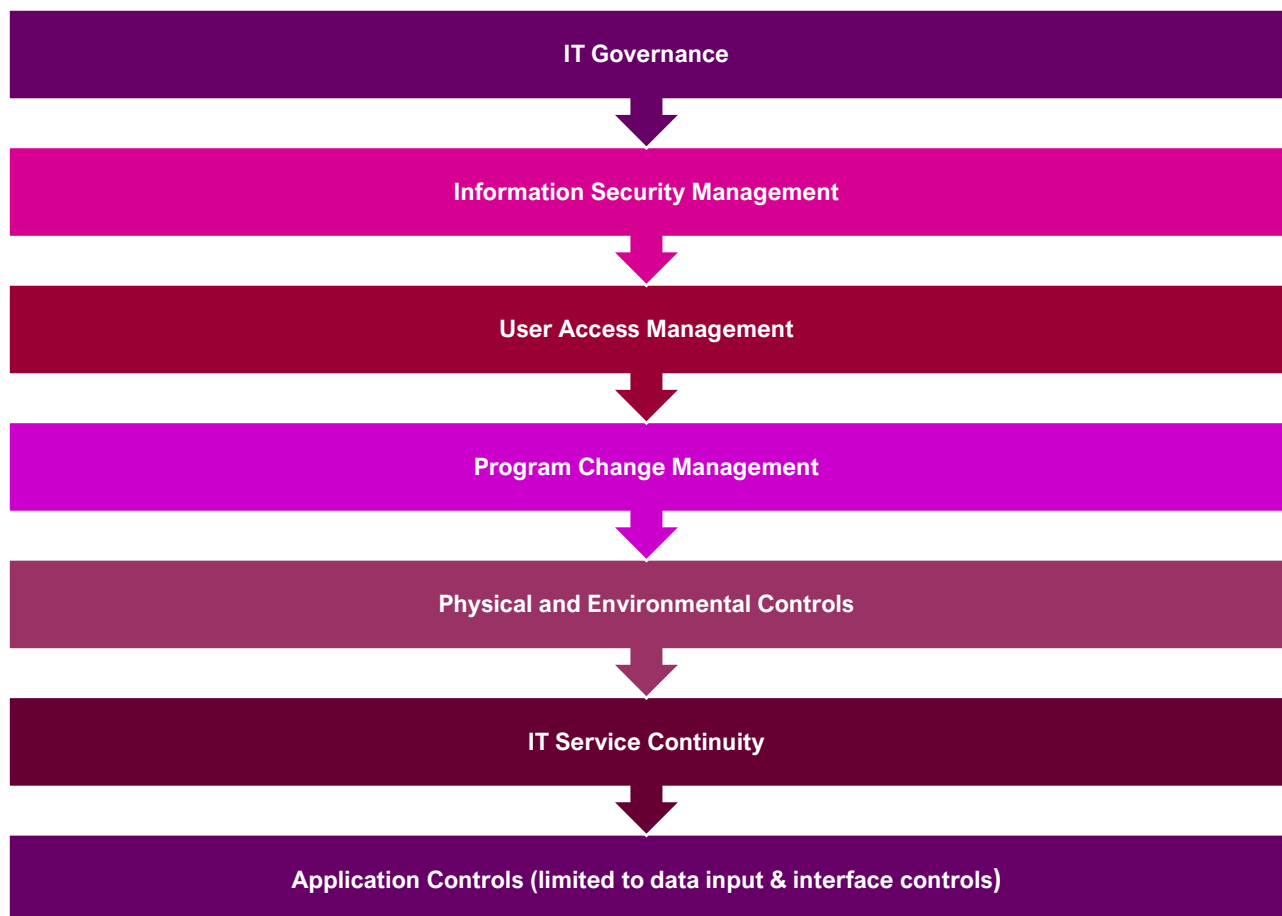
### Business analytics

The Business Analytics Project to develop dashboards for business units will continue. The project will deliver an additional three dashboards in the year.

### JPC ICT Governance Status:

JPC has adequately complied with King IV principles and objectives in respect of ICT governance. These ICT Auditable spheres for ICT Good Corporate Governance and compliance have been thoroughly tested by both internal and external auditors.

**DIAGRAM 14: JPC ICT GOVERNANCE STATUS**





## Chapter 3: Service Delivery Performance

## Section 1: Organisational Performance

### Section 1.1.: Highlights and Achievements

During the year under review, the following key service delivery achievements, milestones and other unexpected occurrences were realised:

✓	The property development projects such as Huddle Park, Jabulani and Riverside View has led to rand value investment spent of R628 935 688.36 on projects within CoJ Boundaries.
✓	278 asset management plans concluded.
✓	4 894 Jobs opportunities created.
✓	2 226 SMMEs supported through property transactions.
✓	Fifty-five (55) properties released on long-term lease for Inner City Rejuvenation and redevelopment projects result in partnerships with private sector. Through these awards JPC is set to make R 6 397 874. 44 in Facilitation Fees charged and the City's Investment Attraction through these awards stands at approximately R443 637 332.
✓	Ten (10) properties to the value of R15 916 600.00 were acquired for housing developments purposes on behalf of the Housing Department.
✓	A total of sixty two (62) properties to the value of R17 347 748.26 were acquired by means of being vested to CoJ in terms of town planning laws wherein properties were transferred by private developers for service delivery purposes in terms of the Conditions of Township Establishment and properties that are unbundled from mother properties for housing purpose.
✓	Fifteen (15) properties to the value of R220 878.00 were transferred to beneficiaries as part of the Land Regularisation Programme to advance the City's service delivery, housing provision and economic development objectives.
✓	Six hundred and thirty two (632) housing properties to the value of R31 393 398.82 were transferred to beneficiaries for the provision of housing as mandated by the Housing Act.

TABLE 28: JPC HIGHLIGHTS & ACHIEVEMENTS

### Section 1.2.: Service Delivery Challenges

#### Covid 19 Pandemic

The Covid 19 pandemic led to national lockdown restrictions which had an adverse impact on various property transaction such as:

- ✓ Project Construction time lines were affected and moved forward.
- ✓ Inner City Rejuvenation Programme: Developmental Projects which were scheduled to commence with construction were delayed and the contractual obligations had to be reviewed. All Development Teams were urged to continue to direct their efforts towards ensuring that, where possible, all development projects can progress seamlessly. Extensions to Project Programmes would be allowed in line with/for the duration of the lockdown period.
- ✓ Property Development Projects milestones were impacted and moved into the next financial years.

#### Revenue Collection

- ✓ The key challenges faced by the property management was mainly on the collection of rentals. This was compounded by the Covid-19 pandemic that affected the last two quarters of the year as a number of tenants requested for a payment relief period and this caused a significant reduction on income from rentals. Most of the tenants leasing council properties were not able to meet their rental obligations as they were not able to trade because of the lockdown. This meant that there was a drop in the collection of rentals. The other

challenge was that most of the tenants are NGO/NPO who were also financially affected by the Covid-19 pandemic.

- ✓ The revenue collected from outdoor advertising leases is about 55.2% below target mainly due to, among other things, the following:
  - The new 2018 Outdoor Advertising By laws was set aside and declared as unconstitutional and invalid by the High Court on the 18 February 2020 and the City is required to revisit the public participation process in terms of applicable law and as outlined in the judgement;
  - The volume of illegality in the City has increased substantially over the years thus having a negative impact on the value of outdoor advertising;
  - A number of advertising contracts that have lapsed where the City is no longer collecting any revenue pending approval of sites already awarded by EAC by the City's Department of Development Planning and Council to give effect to 36 transitional agreements, and
  - The national lockdown due to COVID-19 has resulted in high vacancy rates as advertisers withdrew their advertising budgets due to a decline of out of home movements by consumers of outdoor advertisements.



### Outdoor Advertising

The new 2018 outdoor advertising By-laws, were set aside by the High Court in February 2020. The court judgement was scathing on the lack of adequate public participation. The City, in finalizing the By-laws for promulgation, did not take into consideration comments received from various parties in finalizing the By-law for Council's approval hence it was interdicted on the day of promulgation and therefore suspended by an order of court.

The City has an option to appeal, but this may take long and, at the end, the By-law may still require to be amended in any event. In order to mitigate the need to go through yet another protracted legal battle, the City, after consultation with Counsel and CoJ Group Legal, opted to initiate the review the By-laws through a public engagement process as outlined in the judgement.

In light of the challenges of the 2009 By-laws, the Planning Department will submit a report to the next Council meeting to, *inter alia*, seek approval of a moratorium on new applications and to the City to undertake public participation to ensure approval of the masterplan as a policy framework that will determine the By law review process.

To ensure that the envisaged by-law attain the required balance between the City being able to regulate the sector as its constitutional imperative and facilitating economic development and transformation, the City will appoint a legal team to guide the entire drafting process and to ensure that all applicable law are considered as well.

### Occupational Health & Safety (PHS) i.e. internally for JPC and Externally

The non-compliance of City owned buildings remains a challenge across the property portfolio. The majority of the building services have exceed design life and are due for replacement and/or major refurbishment. These systems, mostly due to dilapidation over the years, now pose a risk to its occupants in one form or another.

### Security issues at our Corporate Buildings

JMPD and JPC must develop an SLA additional to the R&M one currently in place. The lack thereof leaves us with no recourse in the absence of effective security of our buildings. Most of the theft related incidents are as a result of negligence by JMPD Security, for example, the lack of Quarterly Security Assessment reports to us is a serious issue denoting negligence.

### Section 1.3.: Performance against Predetermined Objectives

The annual report has been prepared against the JPC's 2019/20 business plan and adjusted scorecard. The corporate scorecard was reviewed and approved by the Board.

Adjusted scorecard which was a as result of the deviation process and the strategic priorities set out by the Government of Local Unity (GLU) which came into power second quarter of financial year.

The reporting is done on a quarterly basis and the performance of the entity is rated and






assessed based on achievement or non-achievement of targets set.

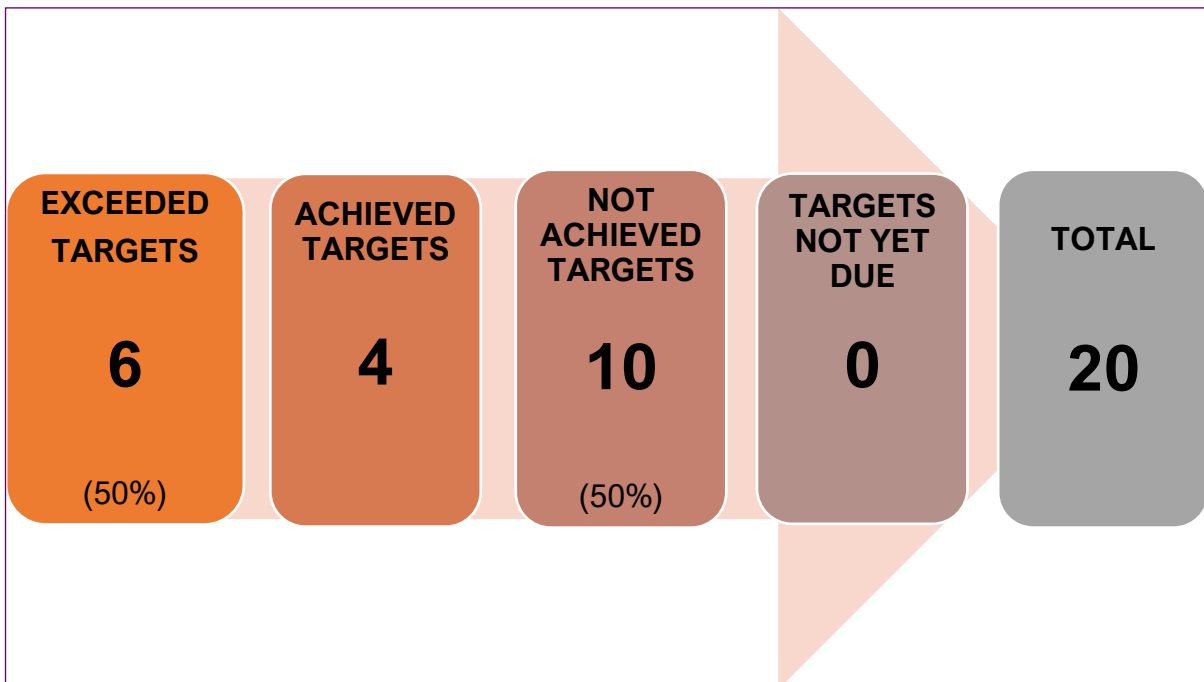
The JPC scorecard for the financial year ending 30 June 2020 reflects that the entity achieved

**50%** (10 of 20 targets due), and **50%** (10 of 20) of its targets not achieved. These targets could not be achieved due to the prolonged lockdown, which was not anticipated at the time.

**TABLE 29: LEGEND KPI ACHIEVEMENT**

	Target Exceeded
	Target Achieved
	Target not achieved

**DIAGRAM 15: JPC KPI ACHIEVEMENT**




**TABLE 30: JPC KPI ACHIEVEMENTS**


**1.1. KPI: Investment attracted / business facilitated within CoJ boundaries based on signed contract.**

<b>IDP Priority</b>		Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021					
<b>GDS OUTCOME</b>		A glowing, diverse and competitive economy that creates jobs					
<b>Current Year 2019/20</b>				<b>Prior year 2018/19</b>			
<b>Annual Target</b>		<b>Actual</b>		<b>Annual Target</b>		<b>Actual</b>	
<b>R2.5bn investment attracted/ business facilitated within COJ boundaries based on signed contract</b>		R443 637 332		R1.4bn Investment attracted/ business facilitated within COJ boundaries based on signed contract		R1 691 206 904.00	
		Investment/ business facilitated attracted within COJ boundaries based on signed contract				Investment attracted/ business facilitated within COJ boundaries based on signed contract	
 <b>Not Achieved: This KPI was not achieved due to the late sign off by service provider of the agreement for awarding Randburg Civic Centre Redevelopment project in line with the City's Office Space Optimisation Programme. Furthermore, the planned awarding of the Soweto Gateway Project. The process was delayed due to the Covid-19 lock down regulations. The transactions will be delivered in the next financial year 2020/2021.</b>							


**1.2. KPI: Investment Attraction / business facilitated within CoJ boundaries based on 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 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
R600 million investment attraction/ business facilitated within COJ boundaries based on construction value on the ground	R628 935 688.36 investment attraction/ business facilitated within COJ boundaries based on construction value on the ground	R600m investment attraction/ business facilitated within COJ boundaries based on construction value on the ground	R744 932 600.00 investment attraction/ business facilitated within COJ boundaries based on construction value on the ground
	Achieved & Exceeded: Construction Spend in respect of Riverside View Mega Housing Development Project		


**1.3. KPI: Job Opportunities Created**

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 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
2000 Job opportunities created	4894 Job opportunities created	2000 Job opportunities created	2050 Job opportunities created
	Achieved & Exceeded: as result of the additional work performed in terms of cleaning and repairs and maintenance.		


**1.4. KPI: SMME's Supported through property transactions**

<b>IDP Priority</b>	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021		
<b>GDS OUTCOME</b>	A glowing, diverse and competitive economy that creates jobs		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
1965 SMMEs supported through property transactions	2226 SMMEs supported through property transactions	1200 SMMEs supported through property transactions	1736 SMMEs supported through property transactions
 <b>Achieved &amp; Exceeded: This was due to more repairs and maintenance work was done than anticipated on COJ properties.</b>			


**1.5. KPI: Payment of valid invoices within 30 days of invoice receipt date**

<b>IDP Priority</b>	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021		
<b>GDS OUTCOME</b>	A glowing, diverse and competitive economy that creates jobs		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date
 <b>Achieved</b>			


**2.1. KPI: Number of Asset Management Plans Formulated**

<b>IDP Priority</b>	Ensure pro-poor development that address spatial and income inequality and provides meaningful redress		
<b>GDS OUTCOME</b>	An inclusive society with high quality of life that provides meaningful redress through pro-poor development.		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
250 Asset Management Plans Formulated	278 Asset Management Plans Formulated	250 Asset Management Plans Formulated	250 Asset Management Plans Formulated
 <b>Achieved &amp; Exceeded: As a result of the number of assets management plans formulated in which property pipelines are identified for either lease, sales or delivery of basic municipal services and development.</b>			


**2.2. KPI: Number of Properties Acquired on behalf of the City Departments and Entities**

<b>IDP Priority</b>	Ensure pro-poor development that address spatial and income inequality and provides meaningful redress		
<b>GDS OUTCOME</b>	An inclusive society with high quality of life that provides meaningful redress through pro-poor development.		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
15 Properties Acquired	11 Properties Acquired	10 Properties Acquired	19 Properties Acquired
 <b>Not Achieved: Due to the four properties awaiting conclusion of the registration process at the Deeds Office.</b>			


**2.3. KPI: Leasing/ lease renewals of shops and stalls located at various Public Transport Facilities and Trader Markets owned by the City**

<b>IDP Priority</b>	Ensure pro-poor development that address spatial and income inequality and provides meaningful redress		
<b>GDS OUTCOME</b>	An inclusive society with high quality of life that provides meaningful redress through pro-poor development.		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
1930 leases of shops and stalls concluded	136 leases of shops and stalls concluded	1900 leases of shops and stalls concluded	0 (zero) leases of shops and stalls concluded
 <b>Not Achieved: To date only 136 reports have been approved by EAC to enable JPC to enter into lease agreements with Traders and the physical verification of traders was not possible due to Level 5 and 4 lockdown restrictions.</b>			


**2.4. KPI: Development / Refurbishment of public conveniences**

<b>IDP Priority</b>	Ensure pro-poor development that address spatial and income inequality and provides meaningful redress		
<b>GDS OUTCOME</b>	An inclusive society with high quality of life that provides meaningful redress through pro-poor development.		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
50 Public Conveniences refurbished / developed	72 Public Conveniences refurbished / developed	50 Public Conveniences refurbished / developed	50 Public Conveniences refurbished / developed
 <b>Achieved &amp; Exceeded: Due to construction for public conveniences being permitted in terms of the Level 3 regulations i.e. Public Construction Projects could then be finalised.</b>			


**2.5. KPI: Release of 100 Properties for Social and Economic Leases including Servitudes and Sales**

<b>IDP Priority</b>	Ensure pro-poor development that address spatial and income inequality and provides meaningful redress		
<b>GDS OUTCOME</b>	An inclusive society with high quality of life that provides meaningful redress through pro-poor development.		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
<b>100 properties release on social and economic leases, including servitudes and sales</b>	60 properties release on social and economic leases, including servitudes and sales	100 properties release on social and economic leases, including servitudes and sales	110 properties release on social and economic leases, including servitudes and sales
 <b>Not Achieved: The lockdown restrictions for level 5 and 4 had an impact on this KPI in that fewer leases were concluded as potential tenants could not engage in their business activities. Furthermore most tenants requested payment relief while 107 leases renewal reports were submitted for approval. The approval for these lease renewals will be expedited and finalised within the first two quarters of the new financial year.</b>			

**2.6. KPI: Number of Inner City Properties approved in Council for release to the private sector**

<b>IDP Priority</b>	Ensure pro-poor development that address spatial and income inequality and provides meaningful redress		
<b>GDS OUTCOME</b>	An inclusive society with high quality of life that provides meaningful redress through pro-poor development.		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
<b>20 Inner City Properties approved in Council for release to the private sector</b>	55 Inner City Properties approved in Council for release to the private sector	25 Inner City Property Redevelopment Projects approved in Council for release to the private sector	27 Inner City Property Redevelopment Projects approved in Council for release to the private sector
 <b>Exceeded: Performance is higher due to the number of properties that were approved in council to be released to private sector.</b>			


**3.1. KPI: Implement training & development initiatives to address competency gaps**

<b>IDP Priority</b>	Create a Culture of enhanced Service Delivery with Pride		
<b>GDS OUTCOME</b>	An honest, transparent and responsive local government that prides itself on service excellence.		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
<b>300 employees trained</b>	213 employees trained	80 employees trained	152 employees trained
 <b>Not Achieved: Some of the training was postponed during level 5 of the National Lockdown regulations.</b>			

**3.2. KPI: Rapid & Efficiency in filling of funded vacancy positions identified as strategic**

<b>IDP Priority</b>	Create a Culture of enhanced Service Delivery with Pride
<b>GDS OUTCOME</b>	An honest, transparent and responsive local government that prides itself on service excellence.


Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
90% of all strategic vacancies filled within 90 days	35% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days	0% of all strategic vacancies filled within 90 days

	<b>Not Achieved: The recruitment and selection process was impacted by the currently circumstances of social distancing challenges and lockdown of non-essential services emanating from Covid-19. Vacancies were advertised and in some instances interviews were held however the process could not be finalised</b>
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**3.3. KPI: Streamlining of disciplinary processes & success rate in cases**

<b>IDP Priority</b>	Create a Culture of enhanced Service Delivery with Pride
<b>GDS OUTCOME</b>	An honest, transparent and responsive local government that prides itself on service excellence.

Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
100% Disciplinary cases to be concluded successfully within 90 working days	0% Disciplinary cases to be concluded successfully within 90 working days	Disciplinary cases to be concluded within 90 working days	3 out of 4 Disciplinary cases concluded within 90 working days

	<b>Not Achieved: Due to matters being referred for investigation and postponements.</b>
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**3.4. KPI: Occupational Safety of JPC Employees**

<b>IDP Priority</b>	Create a Culture of enhanced Service Delivery with Pride
<b>GDS OUTCOME</b>	An honest, transparent and responsive local government that prides itself on service excellence.


Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
Zero Fatalities	Zero Fatalities	0 Fatalities	0 Fatalities

	<b>Achieved</b>
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**4.1. KPI: Income generated through property transactions**

<b>IDP Priority</b>	Enhance our Financial Sustainability
<b>GDS OUTCOME</b>	An honest, transparent and responsive local government that prides itself on service delivery

Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
<b>R180 000 000 raised from rental income from leases and servitude sales</b>	R130 962 743.71 raised from rental income from leases and servitude sales	R110 000 000 raised from rental income from leases and servitude sales	R161 999 031 raised from rental income from leases and servitude sales

 **Not Achieved: Furthermore Covid-19 pandemic affected tenants and most of tenants leasing council properties were not able to meet their rental obligations due to the interruption of services resulting from the national lockdown level 5 and 4.**

**4.2. KPI: Implementation of the Outdoor Advertising Masterplan**

<b>IDP Priority</b>	Enhance our Financial Sustainability
<b>GDS OUTCOME</b>	An honest, transparent and responsive local government that prides itself on service delivery


Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
<b>30% implementation of the Outdoor Advertising Masterplan</b>	30% implementation of the Outdoor Advertising Masterplan	20% implementation of the Outdoor Advertising Masterplan	20% implementation of the Outdoor Advertising Masterplan

 **Achieved**

**4.3. KPI: Spend of Allocated Capex**


<b>IDP Priority</b>	Enhance our Financial Sustainability
<b>GDS OUTCOME</b>	An honest, transparent and responsive local government that prides itself on service delivery

Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
<b>100% spend on allocated CAPEX</b>	45% spend on allocated CAPEX	100% spend on allocated CAPEX	100% spend on allocated CAPEX


 **Not Achieved: Due to the property industry, construction and maintenance services not operating during level 5 and 4 of the lockdown. Secondly the capex budget was adjusted and increased in the fourth quarter to cater for covid-19 related response initiatives and due to insufficient time the allocated budget could not be exhausted.**



**4.4. KPI: Audit Opinion**

<b>IDP Priority</b>		Enhance our Financial Sustainability			
<b>GDS OUTCOME</b>		An honest, transparent and responsive local government that prides itself on service delivery			
<b>Current Year 2019/20</b>				<b>Prior year 2018/19</b>	
<b>Annual Target</b>		<b>Actual</b>		<b>Annual Target</b>	
<b>Unqualified Outcome</b>	<b>Audit</b>	<b>Unqualified Outcome</b>	<b>Audit</b>	<b>Unqualified Outcome (clean audit)</b>	<b>Audit</b>
	<b>Achieved</b>				













**4.5. KPI: Resolution of Auditor General & Internal Audit Findings**

IDP Priority	Enhance our Financial Sustainability		
GDS OUTCOME	An honest, transparent and responsive local government that prides itself on service delivery		
Current Year 2019/20		Prior year 2018/19	
Annual Target	Actual	Annual Target	Actual
100% resolution of Auditor—General & Internal Audit findings within four months after a report is issued	92% resolution of Auditor—General & Internal Audit findings within four months after a report is issued	100% resolution of Auditor—General & Internal Audit findings within four months after a report is issued	100% resolution of Auditor—General & Internal Audit findings within four months after a report is issued
<div> Not Achieved: There are three outstanding findings that were not resolved. The organisation is in the process of dealing with these remaining three findings.</div>			

## Section 1.4.: Performance against Service Standards

The company has committed to achieving the service standards that have been set out in terms of the Shareholder's service standards. The entity achieved eleven of twelve standards and has put mitigation plans in place to address the service standard that was not achieved, going into the new financial year. A summary of the performance on the service delivery indicators is provided in Table : and more details on page 118

**TABLE 31: JPC KPI ACHIEVEMENTS**

Service Standard	Service Standard Indicator	Actual Performance
Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	
Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	
The performance of emergency work for JPC managed facilities	Within 1 day of logged call	
Performance of minor works on facilities managed by JPC	Within 2 days of logged call	
Performance of major works on facilities managed by JPC	Within 5 days of logged call	
Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	
Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	
Internal allocation of land and buildings to City Departments and Entities (PTOB : Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	
Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	
Response to general enquiries at client services counter	Within 24 hours of logged call	
Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	
Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	

### Section 1.5.: Delivery Agenda for 2020/21

The delivery agenda for financial year 2020/21 is informed by JPC's corporate strategy which is aligned with the Integrated Development Plan (IDP), the Joburg 2040 Growth and Development Strategy (GDS) and the eleven (11) strategic priorities. The strategic objectives are outlined in Chapter 1 under Section 6: Strategic Objectives pages 30-32. The following areas have been identified where JPC will continue to make an impact:

#### Inner City Rejuvenation Programme

Despite the numerous challenges and setbacks encountered quite a number of development projects, that are part of the Inner City Rejuvenation Programme, are at Site Development Planning (SDP) and Building Plan approval stage. Therefore, we should ultimately witness the construction commencement of some of these projects in the 2020/21 financial year. Below are a few artistic impressions of some of these developments:

Privately owned properties have been identified for the next phase of the Inner City Rejuvenation Programme. A total of 187 privately-owned properties have been earmarked and Block 1 identified for an analysis. Site visits are currently underway on the 187 privately-owned properties. After which, an Acquisitions report will then be finalised. A block-by-block approach has been outlined as the befitting strategy to undertake development within the city. Therefore, upon receiving Council approval of the report, JPC will Package and Prepare the properties later releasing them out on tender for Mixed Use Development residential units in support of the rejuvenation of the Inner City.

The development of the project by a private sector partner will be managed in terms of a development agreement concluded with the developer – this agreement will regulate all the developers' obligations. The development agreement will be managed by JPC's Projects Department.



Inner City: City & Suburban Development

### Leyds Student Village



#### Office Space Optimisation (OSO) Programme:

With the establishment of an OSO program management team, the leasing and building management function will lead the OSO Programme's Accommodation Plan and Workplace Strategy streams. The Accommodation Plan will concentrate on the following items:

- ❖ CoJ wide office accommodation audit to confirm office accommodation requirements;
- ❖ Detailed accommodation plan linking user departments/ME to planned office space while taking into account operational efficiencies, co-location, departmental synergies and dependencies; and
- ❖ Relocation strategies for the different regional precincts with the Metro Centre and Randburg precincts being priority.

The Workplace Strategy will look at the following items:

- ❖ Review existing workplace standards;
- ❖ Develop compelling workplace strategy incorporating new trends;
- ❖ User workshops and buy-in; and
- ❖ Change management strategy.

#### Property Management

- The vision for the new financial year is to start with fast tracking the 99 "quick win" transactions that are already at EAC, awaiting signed agreements and with conveyancers with a total value of **R30 041 416.00** within the 1<sup>st</sup> and 2<sup>nd</sup> quarters of the new financial year.
- Obtain approval of the 30 transactions that are at various committee stages with a value of **R22 900 000.00**.
- Finalise the 19 transactions that are at tender stages and release more



### Inner City: Highgate on Main (Jeppes Town)

- properties by means of public tender as and when the Council approval is obtained
- Finalise the 242 transactions that are at valuation and circulation stages and produce reports where no objections have been received.
- Repurpose properties that are currently not being utilized to their full potential in order to unlock their potential
- 1930 lease agreements to ensure a sustainable payment of rentals premised on market related conditions.
- JPC to implement credit control measures in line with debtor's policy and Implement debit order as a mechanism to collect revenue.
- To research and finalise the concept of a contemporary market i.e. a Market that will have an appeal to all classes of society and adopt commercially driven operating model.

- Conduct international study tour to create a benchmark for the contemporary market.
- Mobile stricter By-law enforcement to eliminate illegal activities in the facilities.
- Influence all stakeholders within the Informal Trading space to adopt the "new normal" arising from challenges created by Covid-19 pandemic.

### Property Intelligence

JPC aims to focus on:

- Increasing the financial recoveries from outstanding lease agreements
- Facilitate law enforcement for unlawful activities taking place within the JPC managed properties
- Support investigation for acquisition of properties



## Section 2: Core Business

### Section 2.1.: Asset Management

#### Acquisitions during the period

Seventy-two (72) properties to the value of R33 264 347.14 were taken on during the 2019/2020 financial year. Ten (10) properties to the value of R15 916 600.00 were acquired through the capital budget for housing developments purposes on behalf of the Housing Department. Properties that were acquired using budget are outlined on the table below.

No.	Stand Number	Location	Value
1	Holding 111	Princess AH	R850 000.00
2	Ptn 781	Doornfontein 92 IR	R2 031 666.67
3	Ptn 782	Doornfontein 92 IR	R2 031 666.67
4	Ptn 783	Doornfontein 92 IR	R2 031 666.67
5	Holding 1	Unaville A.H	R1 434 150.00
6	Holding 39	Unaville A.H	R1 492 840.00
7	Holding 70	Unaville A.H	R1 591 050.00
8	Holding 97	Unaville A.H	R1 606 050.00
9	Holding 40	Unaville A.H	R1 241 460.00
10	Holding 68	Unaville A.H	R1 606 050.00
<b>Total</b>			<b>R15 916 600.00</b>

**TABLE 32: PROPERTIES ACQUIRED USING COJ BUDGET**

A total of sixty two (62) properties to the value of R17 347 748.26 were acquired by means of being vested to CoJ in terms of town planning laws wherein properties were transferred by private developers for service delivery purposes in terms of the Conditions of Township Establishment and properties that are unbundled from mother properties for housing purposes.

The Gauteng Provincial Government also devolved properties to the City for housing purposes while one property was expropriated for road infrastructure purposes. These are summarised on the table below.

Category	Quantity	Municipal Value
Conditions of Township Establishment	4	R5 942 000.00
Devolutions	37	R6 404 000.00
Unbundling	20	R421 748.26
Expropriation	1	R4 580 000.00
<b>Total</b>	<b>62</b>	<b>R17 347 748.26</b>

**TABLE 33: PROPERTIES TRANSFERRED TO COJ IN TERMS OF VESTING & DEVOLUTIONS**

### Disposals during the period

Six hundred and fifty (650) properties to the value of R32 477 276.82 were transferred during the reporting period. Six hundred and thirty two (632) housing properties to the value of R31 393 398.82 were transferred to beneficiaries for the provision of housing as mandated by the Housing Act. Fifteen (15) properties to the value of R220 878.00 were transferred to beneficiaries as part of the Land Regularisation Programme to advance the City's service delivery, housing provision and economic development objectives. Three (3) properties were sold as part of the Inner City program. The below provides an outline of the transferred properties.

Category	Quantity	Value
Housing Transfers	632	R31 393 398.82
Land Regularisation	15	R220 878.00
Land Sales	3	R863 000.00
<b>Total</b>	<b>650</b>	<b>R32 477 276.82</b>

TABLE 34: PROPERTIES DISPOSED DURING THE PERIOD

### Status of CoJ Property Portfolio Holdings

The portfolio of the City has a total value of R9, 238 billion which comprises of 28 876 properties for the financial year ending 30 June 2020. The table below illustrates the high-level summary outlining the quantity and value per region.

Region	Value %	No. of Properties	Sum Of Value
<b>Region A</b>	8%	1756	R758 563 228.28
<b>Region B</b>	17%	3935	R1 601 022 080.10
<b>Region C</b>	12%	2349	R1 117 590 161.38
<b>Region D</b>	10%	6228	R878 561 229.40
<b>Region E</b>	19%	4759	R1 727 956 704.18
<b>Region F</b>	16%	4833	R1 438 543 910.97
<b>Region G</b>	13%	4526	R1 167 937 548.12
<b>Outside CoJ Boundaries</b>	6%	490	R547 881 446.01
<b>Total</b>	<b>100%</b>	<b>28876</b>	<b>R9 238 056 308.44</b>

TABLE 35: COJ PROPERTY PORTFOLIO



### Net Movements

The table below indicates the impact of the movements on the value of the Asset Register in the 2019/2020 financial year:

Asset Register Movements in Value	
Opening Balance	R9 237 269 237.00
Acquisitions	R 33 264 348.26
Disposals	R -32 477 276.82
Closing balance	R9 238 056 308.44
<b>Movement in percentage</b>	<b>0.85%</b>

TABLE 36: NET MOVEMENT TABLE

Although more properties were disposed compared to the number of properties that were acquired, the value of the portfolio has increased by 0.85% in the 2019/2020 financial year. This is attributed to the value of the properties that were acquired.

### Year on Year: Number of Properties

The table below provides a movement outline of the total number of properties. The portfolio will continue decreasing marginally as the Housing Department and JPC transfers properties to beneficiaries in terms of the Housing Act and the Land Regularisation program respectively.

Number of properties					
Region	2020	2019	2018	2017	2016
Region A	1756	1775	1907	1931	1963
Region B	3935		3999	4014	4124
Region C	2349	2353	2354	2345	2349
Region D	6228	6407	6504	6667	6864
Region E	4759	4915	4907	4983	4950
Region F	4833	4841	4844	4843	5011
Region G	4526	4684	4886	4665	4868
Outside CoJ	490	490	489	491	491
<b>Total</b>	<b>28876</b>	<b>29454</b>	<b>29953</b>	<b>29939</b>	<b>30620</b>

TABLE 37: NUMBER OF PROPERTIES PER REGION

As part of supporting the Land Strategy to address the rising demand for housing a total demand for residential housing which is projected at 8 200 hectares (ha.) for the next 10 years. The City's efforts on the provision of housing is moving towards the right direction, however a more rapid effort is required to accelerate housing provision and in making urban land work for the poor. To support this non-core vacant land portions that are zoned "Residential" have been identified for possible release to the citizens of the City of Johannesburg to be packaged and released annually.

## Section 2.1: Inner City

The Inner City rejuvenation programme has been established with the intention of building an inclusive society with an enhanced quality of life for the residents of the Inner City and surrounding areas. Since the inception of the programme, no less than 147 properties (grouped into 38 development opportunities) have been awarded, mostly to 100% black, women-owned and managed companies, each with Level 1 BBB-EE accreditation. Moreover, to-date, the total Project Investment Value is forecasted at R30bn creating approximately 12 136 jobs over time and equally empowering and creating strategic work packages to meet the 30 % Transformation/SMME target, a monumental milestone for the City of Joburg.

**Progress to date:** A noteworthy highlight of the Programme in the 2019/20 financial year is that 11 developments consisting of 55 properties were awarded to various private entities for development in the second quarter. Through these awards JPC is set to make R 6 397 874, 44 in Facilitation Fees charged and the City's Investment Attraction through these awards stands at approximately R443 637 332 .

Furthermore, JPC has had ongoing engagements with various stakeholders (i.e. developers, Ward Councillors, CoJ Development Planning Department, CoJ Housing etc) stakeholders to ensure the seamless execution of the following outcomes:

- Project Programmes (which encompasses obtaining development rights, construction start and end date, etc.),

- Decanting of properties and provision of Temporary Emergency Accommodation (TEA),
- Strategic work packages, which developers will implement to meet Transformation/SMME targets (i.e. 30% SMME Target).

An additional highlight in the second quarter was the re-advertisement of 10 Developments consisting of 20 city-owned properties for development into Mixed-use Affordable Accommodation and/or Affordable Student Accommodation. The release of these properties was followed by a series of non-compulsory briefings in quarter 3, which were held on **10 January 2020 and 17 January 2020**, respectively. Furthermore, the tender for the abovementioned properties closed in March 2020.

The fourth quarter got off to an invigorating start, as a Bid Evaluation was set to convene, for evaluation of the aforementioned developments. However, unforeseen challenges and delays were experienced as a result of the nationwide Lockdown (from 27 March 2020), declared by President Ramaphosa, following the widespread outbreak of the Covid-19 virus.

Significant delays have been encountered in this particular Phase of the Inner City Rejuvenation Programme, due to Covid-19 outbreak and the subsequent Lockdown restrictions. Thus, JPC Inner City Focused Intervention Unit has devised the following, Post-Lockdown schedule as a mitigation measure:

Schedule	
Activities	Date
Tender Close	6 March 2020
Pre-screening	13 May 2020
Bid Adjudication	13 May 2020
EAC	August 2020
Award	September 2020

TABLE 38: INNER CITY POST LOCKDOWN SCHEDULE

JPC, through the DED-led Investment Tracking Prioritisation Committee has been in communication with Developers and CoJ Development Planning, to ensure that applications progress accordingly and are ultimately approved. Furthermore in response to the challenges and lengthy delays experienced, over the last 3 months, a Post Lockdown Schedule has been devised, indicating when developments are ultimately set to break ground.

### Section 2.3: Real Estate & Facilities Management

JPC provides highly efficient leasing and building management services to CoJ departments and Municipal entities across the seven CoJ regions. Furthermore the company is also responsible for Planned Maintenance, OHASA and Fleet management to the JPC Corporate buildings and COJ departments including MOEs.

The approach in terms of planned maintenance revolves around Condition Based Assessment for all buildings depending on which buildings were attended to in the previous financial year while the emergency repairs are a reactive process to rectify anything that goes wrong in our facilities.

The following planned maintenance projects were undertaken during the period under review:

- Jabulani Civic Centre Repairs and Maintenance
- Roodepoort Civic Centre Repairs and Maintenance
- Alexandra Multi-purpose and Community Centre Repairs and Maintenance .

The following building management and planned maintenance projects are earmarked for the next Financial Year:

- ❖ Walter Sisulu Square of Dedication Phase 2
- ❖ Lenasia (Corobrick) Repairs and Maintenance
- ❖ Ennerdale Civic Centre Repairs and Maintenance
- ❖ Randburg Civic Centre Redevelopment
- ❖ Renovation of 84 PCs
- ❖ Renovation of 2 Retirement Villages

## Section 2.4: Property Program Management Unit

The Property Program Management Unit prepares land parcels for development purposes in line with the land strategy by sweating the asset to create social and economic returns for the City. Projects are being managed to ensure a “pipeline” of development projects which will deliver a smooth and reliable flow of development and development returns.

The unit employs a four-stage development facilitation process to improve land assets in terms of which land is first 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.



DIAGRAM 16: FACILITATION PROCESS

JPC made the following progress in terms of property development projects in the reporting year 2019/20:

### Riverside View Mega Housing Development (Diepsloot Phase 1)

The Project is located directly north of Steyn City, West of Riversands Incubation Hub along

William Nicol Drive. Because the site is prominently located between the lower income area of Diepsloot and the prestigious high-income area of Dainfern, a unique opportunity exists to integrate Diepsloot with Johannesburg. All Subsidised Residential Units will be transferred to third party beneficiaries, nominated by CoJ.



TABLE 39: Riverside View Mega Project

Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>2360 Single residential FLISP completed.</li> <li>457 Multi-storey Rental units completed.</li> <li>1228 Multi-storey RDP units completed.</li> </ul>	<p>Construction time lines were affected due to covid-19 regulations as the country was on lockdown. It has also impacted on the projected job creation and supported SMME's.</p>	<ul style="list-style-type: none"> <li>Single Residential FLISP 588 under construction</li> <li>Multi-storey RDP 1384 units under construction</li> <li>10 414 residential units will be completed by end year 2022.</li> </ul>



### Riverside View X 65 (Diepsloot Phase 2)

The project is located on land, which previously formed farm of the Joburg Water Northern Farm Treatment Works. The land is strategically located between Diepsloot and Steyn City and as such offers a unique opportunity to integrate these economically diverse areas. The property was identified on the eastern side of the NWTW for potential development. The Remainder of

Portion 6 and a portion of Portion 1 of the Remainder of the Farm Diepsloot 388 JR are ± 45 hectares in extent.

The development will consist of 2000 (two thousand) SHRA type housing units. Once the units have been constructed the total development will be in excess of R500billion.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<b>Approval of the Township Establishment as follows;</b> <ul style="list-style-type: none"> <li>➤ Erven 1 – 2 Educational</li> <li>➤ Erven 3, 4, 5 and 7 - Residential 3</li> <li>➤ Erf 6 – use zone 10 -Special</li> <li>➤ Erf 8 - Special</li> <li>➤ Erven 9 – 10 -Private open space</li> </ul>	The covid-19 regulations has also impacted on the projected milestones.	<ul style="list-style-type: none"> <li>• Issuing of Section 29 Certificate</li> <li>• Site Development Plan</li> <li>• Approval of Building Plans</li> </ul>

TABLE 40: Riverside View X 65 Project

### Southern Farms

Southern Farms is located south of the existing suburbs of Naturena, west of Kibler Park, east of Lenasia and Lehae as is abutted by the N1 and N12 National Highways. The Southern Farms project area including the privately-owned land parcels located to the east of the N1 highway, is approximately 3 997 hectares in size. **The estimated development cost is R 27 billion.**

Of the total project area approximately 2 902 hectares is undevelopable due to environmental sensitivities, heritage, major road reserves of which the majority will form part of the Biodiversity Conservation Area. A rather small

portion of the total project area which is approximately 27% of the total project area of 1 094 hectares, is considered suitable for development.

Total Housing Yield consists of the following:

- 15 092 Fully subsidized housing units (RDP multi-storey).
- 2953 Social rental housing units (multi-storey).
- 16508 FLISP units
- 115 HA – Commercial
- 178 HA – Light industry
- 110 HA – Social and community facilities



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• <b>Public Participation complete.</b></li> <li>• <b>Section 14(2) approval complete.</b></li> </ul>	<ul style="list-style-type: none"> <li>• The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>• Land availability Agreement</li> <li>• Extension of the City's Urban Edge and amendment Urban Development Framework</li> <li>• Approval of Township Establishment application.</li> </ul>

TABLE 41: Southern Farms Project



### Soweto Gateway

The development is located on Chris Hani Road, west of N1 highway in Diepkloof. It is directly adjacent to and east of Chris Hani Baragwaneth Hospital Precinct.

Total development Yield consists of the following:

- 3366 mixed income residential units,
- 1389 m<sup>2</sup> of Public open space,
- 121 008 m<sup>2</sup> retail space
- 16 827 m<sup>2</sup> education space

The total project area approximately 30.5 hectare and the estimated development cost is **R4 billion.**



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• <b>Property Plans</b></li> <li>• <b>Public Participation complete.</b></li> <li>• <b>Section 14(2) approval complete.</b></li> <li>• <b>Submission of Township Establishment application and Environmental Impact Assessment</b></li> </ul>	<ul style="list-style-type: none"> <li>• Delays in approval from Council departments.</li> </ul>	<ul style="list-style-type: none"> <li>• Signed Development Agreement</li> <li>• Approval of Township Establishment application</li> <li>• Record of Decision on Environmental Impact Assessment.</li> </ul>

**TABLE 42: Soweto Gateway Project**

### Rosebank Linear Park

The development is located in Keyes Avenue in the western section of Rosebank Township (west of Rosebank Mall). The total project area approximately 2.5 hectare and the estimated development cost is **R400million**.

Total development Yield consists of the following:

- 12 000 m<sup>2</sup> Linear Park with 250 units,
- 12 storey residential development
- 600 m<sup>2</sup> library
- 200m<sup>2</sup> new public clinic
- 500m<sup>2</sup> FAR new offices/ commercial development



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• <b>Property Plans</b></li> <li>• <b>Public Participation complete.</b></li> <li>• <b>Section 14(2) approval complete.</b></li> <li>• <b>Rezoning and consolidation application submitted</b></li> </ul>	<ul style="list-style-type: none"> <li>• Delays in approval from Council departments.</li> </ul>	<ul style="list-style-type: none"> <li>• Signed Development Agreement</li> <li>• Rezoning and consolidation approval</li> </ul>

TABLE 43: Rosebank Linear Park Project

### Paterson Park: Phase 1

The development is located between Paterson Road to the south, Louis Road to the north, Orange Grove to the east and Norwood to the west. The central portion of the precinct is developed with a well-established park, with a portion of the park accommodating the newly established, but undeveloped, low density

residential township of Victoria Extension 3. The total project area approximately 3.5 hectare and the estimated development cost is **R550million**.

Total development yield consists of the following:

- Development of 744 mixed income residential development in support of the Corridors of Freedom.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• <b>Property Plans</b></li> <li>• <b>Section 14(2) approval complete.</b></li> <li>• <b>Urban Design Framework</b></li> <li>• <b>Rezoning application approved</b></li> <li>• <b>Bulk Contributions Paid</b></li> <li>• <b>Bulk Services installed</b></li> </ul>	<ul style="list-style-type: none"> <li>• Delays in obtaining Heritage approval</li> </ul>	<ul style="list-style-type: none"> <li>• Signed Development Agreement</li> <li>• Heritage approvals</li> </ul>

TABLE 44: Paterson Park Project



### Jabulani Housing

The development is located along Jabulani CBD, Erf 2332 Jabulani ext. the upmarket units are located in high rise apartment complexes with good security and landscaped gardens.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<b>2890 units completed</b>	<ul style="list-style-type: none"> <li>Construction time lines were affected due to covid-19 regulations as the country was on lockdown. It has also impacted on the projected job creation and supported SMME's.</li> <li>Insufficient electricity supply in the Jabulani CBD</li> </ul>	<ul style="list-style-type: none"> <li>Jabulani Development Company (JabDevCo) has managed to secure electricity for the development of 1310 Community Residential Units (CRU) in partnership with the Gauteng Department of Human Settlement.</li> <li>The development cost are estimated to be R117million and to date, the earthworks have been completed and construction has commenced.</li> </ul>

TABLE 45: Jabulani Housing Project

### Bryanston Wedge

The property is located at corner William Nicole and Main road, Bryanston. The remaining extent of Portion 1, Portion 2, and the remainder of Erf 58. The total project area approximately 1.1 hectare and the estimated development cost is **R300million**. Total development Yield consists of the following;

- 7500m<sup>2</sup> of Offices
- Retail space
- Integrated with existing arts and craft market



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• <b>Property Plans</b></li> <li>• <b>Rezoning Approval</b></li> </ul>	<ul style="list-style-type: none"> <li>• The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>• Traders stall Design Specification</li> <li>• Development Agreement</li> </ul>

TABLE 46: Bryanston Wedge Project

### Various Filling Stations

JPC has identified filling stations which will be leased to address the socio economic priorities of the city. The release of these filling stations on a long-term basis will lead to the economic revitalization of the areas such as SOWETO while stimulating entrepreneurial development and job creation. The estimated development cost is **R130million**.

Proposed filling stations;

- Erf 11900 Orlando West
- Portion 255 of the Farm Doornfontein 92IR
- 2x Meadowlands
- Mapetla
- Dobsonville



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• RFP advertised for Erf 11900 Orlando West</li> <li>• RFP advertised for Portion 255 of the farm Doornfontein 92IR</li> </ul>	<ul style="list-style-type: none"> <li>• The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>• Development Agreement both filling stations.</li> </ul>

TABLE 47: Filling Stations Project

### Bertrams Priority Block Phase 1 and 2

The development consist of existing buildings and vacant land purchased by the City of Johannesburg to facilitate the development of a medium to high-density mixed use. The property is located along Gordon and Bertrams roads. The total project area approximately 0.72

hectare and the estimated development cost is **R40million**.

Total development Yield consists of the following:

- 81 Low Cost residential developments
- New proposed student accommodation

Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• <b>Property Plans</b></li> <li>• <b>Heritage Application - PHRAG</b></li> <li>• <b>Rezoning Approval</b></li> <li>• <b>Signed Development Agreement</b></li> </ul>	<ul style="list-style-type: none"> <li>• The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>• Request of the inclusion of the student accommodation</li> </ul>

TABLE 48: Bertrams Priority Block Project

### OFFICE SPACE OPTIMISATION PROGRAMME

**OSO Randburg Precinct:** OSO Randburg precinct is located corner Jan Smuts, Selkirk and Braamfischer in Randburg. This is a mixed use development comprising of mixed income residential, 5500m<sup>2</sup> of council offices, refurbishment of Informal Traders stalls and taxi rank. The total project area is approximately 8.28 hectares and the estimated development cost is **R1.86billion**





Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>Public Participation complete.</li> <li>Section 14(2) approval complete.</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder plan/ Matrix</li> <li>Occupancy audit</li> <li>Design and space requirements</li> </ul>

TABLE 49: OSO Randburg Precinct

### OSO Jabulani Precinct

OSO Jabulani precinct is located corner Koma and Bolani Street in Jabulani. This is a mixed use development comprising of 10 000 m<sup>2</sup> mixed income residential, 18 000m<sup>2</sup> of offices, 5500m<sup>2</sup> of council offices, 5500m<sup>2</sup> of retail, clinic, library, refurbishment of informal traders stalls. The total project area approximately 5.306 hectares and the estimated development cost is **R1billion**.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>Public Participation complete.</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>Section 14(2) approval complete.</li> <li>Signed Development Agreement.</li> </ul>

TABLE 50: Jabulani Precinct

### OSO Watt Street Interchange Precinct

OSO Watt Street Interchange is bounded by North Street in the North, South Street in the south, Fourth Street in the West and in the east it is bounded by Old Pretoria Main road. This is a of mixed use development comprising of mixed income residential, 5500m2 of council offices, refurbishment of informal traders stalls and taxi rank in line with the Office Space Optimisation Programme. The total project area approximately 2.7 hectares and the estimated development cost is **R1billion**.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>Public Participation complete.</li> <li>Section 14(2) approval complete.</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>Award to be made and Development Agreement to be signed</li> <li>Relocation of temporary taxi holding area.</li> </ul>

TABLE 51: OSO Watt Street Interchange Precinct

### OSO Head Office: Metro Centre Precinct

Metro Centre Precinct is bordered by De Korte Street in the South; Loveday Street on the West; Joubert Street on the East and Hoofd Street on the North. This is a mixed-use transit oriented development comprising of council chamber, CoJ offices, Retail, government and private sector offices, residential and a piazza in line with the Office Space Optimisation Programme. The total project area approximately 12 hectares and the estimated development cost is **R5billion**.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• <b>Baseline Document</b></li> <li>• <b>Property Plan completed</b></li> <li>• <b>Approval of PPP by Council</b></li> </ul>	<ul style="list-style-type: none"> <li>• The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>• Public Participation</li> <li>• Registration of the PPP</li> </ul>

**TABLE 52: OSO Metro Centre Precinct**



### OSO Midrand

The development site is located within Midrand adjacent to Grand Central Airport, the Midrand Gautrain and Gallagher Convention Centre. The site is accessible through the Pretoria Main Street and relatively good access to the N1. This is a mixed use development comprising of mixed income residential, 5500m<sup>2</sup> of council offices, refurbishment of informal traders stalls and taxi rank in line with the Office Space Optimisation Programme. The total project area approximately 4.3 hectares and the estimated development cost is **R1billion**.

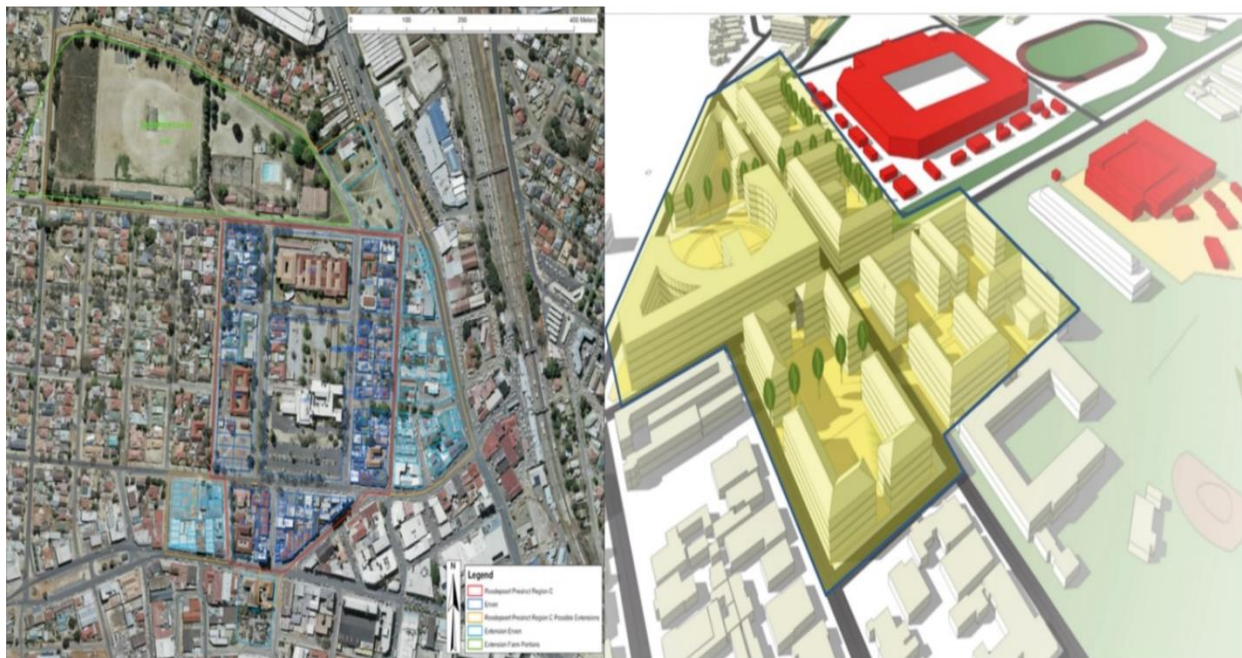


Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>• <b>Property Plan</b></li> <li>• <b>Development Framework</b></li> <li>• <b>Rezoning application submitted and circulated</b></li> </ul>	<ul style="list-style-type: none"> <li>• The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>• Signed Development Agreement</li> <li>• Rezoning approval</li> </ul>

TABLE 53: OSO Midrand Project

### Turffontein Civic Precinct

The property consists mostly of vacant land adjacent to the Rand Stadium and Pioneer Park. The site is also in close proximity of the Turffontein Race Course and Wemmer Pan and owned by the City of Johannesburg in Region F. Vehicular access to the site can be obtained from the N17 Freeway, Mooi and Diagonal Street out of the Johannesburg CBD and Wemmer Pan Road. This is a of mixed use development comprising of mixed income residential, 5500m2 of council offices, refurbishment of informal traders stalls and taxi rank in line with the Office Space Optimisation Programme. The total project area approximately 4.7 hectares and the estimated development cost is **R800million**.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>Property Plan</li> <li>Public Participation complete.</li> <li>Section 14(2) submitted for Approval</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>Signed Development Agreement</li> </ul>

TABLE 54: Turffontein Civic Precinct



### Roodepoort Civic Precinct

The property consists of a mixed-use development in the CBD of Roodepoort CBD and extends in a northerly direction along the railway line and Main Reef Road. This is a of mixed use development comprising of mixed income residential, 5500m2 of council offices, refurbishment of informal traders stalls and taxi rank in line with the Office Space Optimisation Programme. The total project area approximately 6.4 hectares and the estimated development cost is **R1billion**.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>Property Plan</li> <li>Public Participation complete.</li> <li>Section 14(2) Approval</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>Signed Development Agreement</li> <li>Town Planning Application</li> </ul>

TABLE 55: Roodepoort Civic Precinct

## Orange Farm Civic Precinct

The property is located south of Stretford Station and Eyethu Mall in Orange Farm. This is a of mixed use development comprising of mixed income residential, 5500m2 of council offices, refurbishment of informal traders stalls and taxi rank in line with the Office Space Optimisation Programme. The total project area approximately 4.6 hectares and the estimated development cost is **R800million**.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>Property Plan</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> </ul>	<ul style="list-style-type: none"> <li>Public Participation</li> <li>Section 14(2) Approval</li> <li>Signed Development Agreement</li> <li>Town Planning Application</li> </ul>

**TABLE 56: Orange Farm Civic Precinct**



### Section 2.5: Internal Focused Projects

JPC is responsible for the management function and oversees all City-owned buildings, public conveniences (public ablutions) and taxi facilities. The Unit is focused on providing effective, efficient and quality management of building construction and maintenance services to the City of Johannesburg.

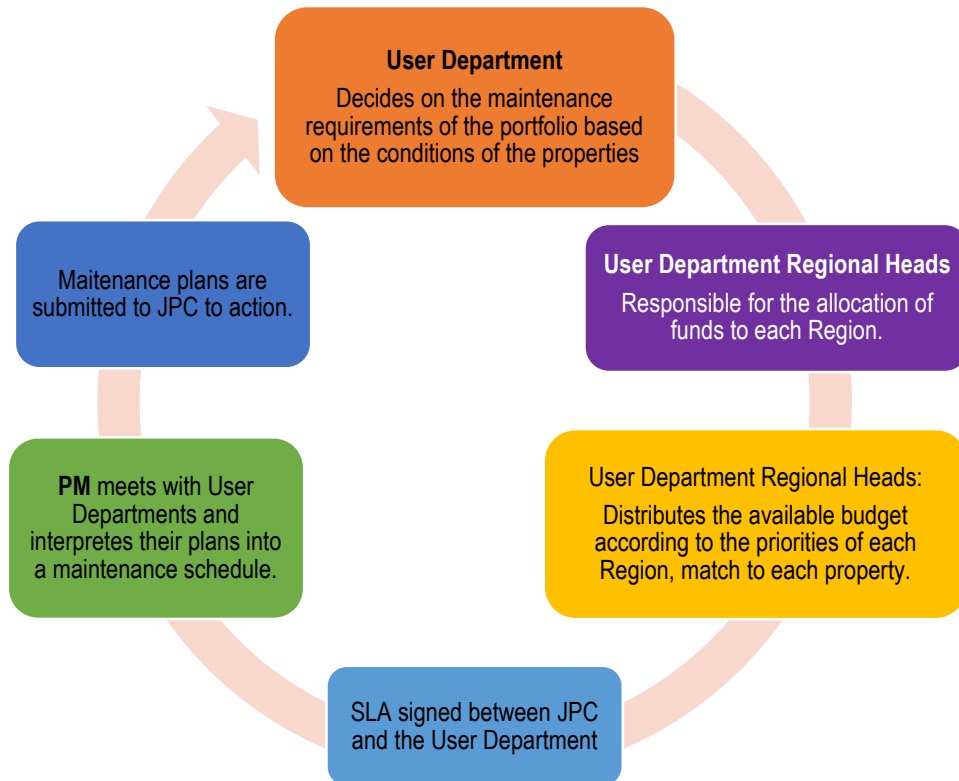


DIAGRAM17: FACILITATION PROCESS

The following projects undertaken for the year under review: Construction of new mobile container Public conveniences within the City - 6 x 40' (12 Meter) Male and Female Ablution Units construction

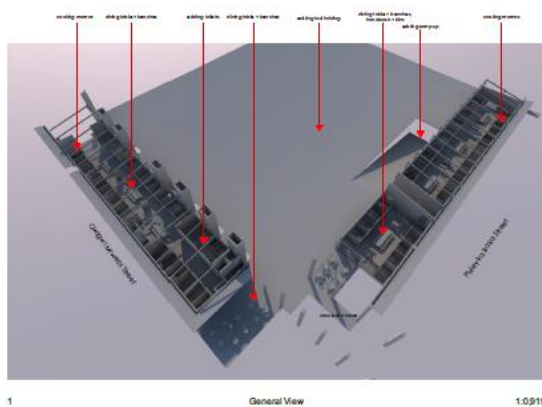


Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>72 Male Cubicles,</li> <li>72 Female Cubicles</li> <li>Urinals including Paraplegic porcelain toilets</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> <li>In adequate Administrator / staff, Security, Cleaning and Maintenance Personnel allocated to the facility</li> <li>Identification of Sites.</li> </ul>	Construction of new mobile container Public conveniences, Refurbishment of existing Public Conveniences and installation of Clear-vu fencing due to Covid-19 regulations within the City (Sites still to be identified from Region A-G).

TABLE 57: Public Conveniences within the City

### Revitalisation of Formal and Informal Shops @ Metro Mall: Block B & C

The project is packaged in phases. First phase Construction consists of the following: Construction of 65 cooking stalls



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
Safe and well managed 65 cooking stalls that comply with the Environmental Health standards for the Metro	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> <li>In adequate Administrator / staff, Security ,Cleaning and Maintenance Personnel allocated to the facility</li> <li>Identification of sites</li> </ul>	<ul style="list-style-type: none"> <li>Phase two - to commence as per SCM processes.</li> </ul>

TABLE 58: Formal and informal Shops @Metro Mall

### Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex Johannesburg F Ward

Refurbishment of Fordsburg Market phase Two: Construction consists of the following:

- Phase one has been completed for the Informal stalls and cooking stalls area and
- Phase two (WIP) consist of the following;
  - construction of 12 additional informal trading stalls,
  - Seating area and JPC Property Administrator Office on the train area.



Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<ul style="list-style-type: none"> <li>Safe and well managed Informal cooking stalls/trading stalls that comply with the Environmental Health standards for the Fordsburg market facility users (traders and the public).</li> <li>The project is in phases, Phase one has been completed for the Informal stalls and cooking stalls area and phase two – construction of 17 additional informal trading stalls, sitting area and JPC Property Administrator Office on the train area. The project is currently on the work in progress (WIP) stage</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> <li>In adequate Administrator / staff, Security, Cleaning and Maintenance Personnel allocated to the facility</li> <li>Identification of sites</li> <li>Court interdict legal dispute lodged</li> </ul>	<p>Phase One of the construction of Informal trading stalls @ Quartz Linear market.</p>

TABLE 59: Fordsburg Market Phase

## Joburg Market for Repairs & Maintenance & Any other works



TABLE 60: Joburg Market Project

Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<p><b>Construction consists of the following:</b></p> <ul style="list-style-type: none"> <li>Repairs &amp; Maintenance civil works potholes</li> <li>Maintenance of Platform walls(Plastering, filling of cracks, preparing and painting platforms( Hall 3-9)</li> <li>Upgrade and Restoration of Civil Engineering infrastructure and road marking</li> <li>Maintenance of staircases, handrails, angle iron and platform walls ( hall 3-9)</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> <li>Sourcing of material also became a challenge as some retail businesses had to wait for some restrictions to be lifted.</li> <li>Department's budgets being redirected.</li> </ul>	<ul style="list-style-type: none"> <li>Karsene &amp; Kwa Mai Mai- New township</li> <li>Thalita House Senior Citizens Rental</li> <li>Marily House</li> <li>Egoli Breweries</li> </ul>

## Community Development: Various Repairs & Maintenance & Any other works

TABLE 61: Community Development Projects

Highlights (2019/20)	Challenges (2019/20)	2020/21 Focus
<p><b>Construction consists of the following;</b></p> <ul style="list-style-type: none"> <li>Parkhurst Recreation centre ( Painting, electrical, plumbing and roof repairs)</li> <li>Westdene centre ( Painting, electrical, plumbing and roof repairs)</li> <li>Blackheath Library centre ( Painting, electrical, plumbing and roof repairs)</li> <li>Ikwezi Youth Club (Repairs to electrical, plumbing and painting)</li> </ul>	<ul style="list-style-type: none"> <li>The covid-19 regulations has also impacted on the projected development milestones.</li> <li>Sourcing of material also became a challenge as some retail businesses had to wait for some restrictions to be lifted.</li> <li>Department's budgets being redirected.</li> </ul>	<p>Various repairs and maintenance as per signed SLA.</p>



## Section 2.6: Property Management

During the period under review, JPC released properties that will be used for the provision of services to the residents of Johannesburg through public tender, registration of servitudes and acquisition of properties on behalf of the City's departments.

### Progress made during the period under review:

#### ➤ Deep Cleaning of Transport Facilities

JPC pioneered the concept of the "New Normal of Doing Things in the City" during the outbreak of the Covid-19 pandemic when it kept the City's Markets and Transport facilities clean since Level 5 of the lockdown. At least 25 facilities (viz. Metro Mall, Bree, Park Central, MTN, Faraday, etc.) were deep cleaned, received fogging and sanitised. A number of jobs and SMMES were created during this period.

#### ➤ Informal trading

Renewal of Expired Leases: JPC team embarked on the authentication of traders on the City's Transportation Facilities. This yielded positive results which saw the drafting and approval of 136 reports by the City's Executive Adjudication Committee.

Lease renewal framework: JPC developed Informal Trader lease renewal framework in the financial year under review. The purpose of the framework was enable JPC to enter into leases with Informal Traders inherited from the former MTC with no

leases. This framework was tested in the first EAC meeting that took place on the 20<sup>th</sup> until 22 May 2020 to consider 136 reports that were approved on the spot. The approval of this framework, this has created a platform for JPC to expedite the regularization of the leases with Informal Traders in the new financial year in order to achieve its target of 1930 leases.

#### Informal Trading Income Collection:

During the financial year under review, the Informal Trading Unit has performed fairly well in achieving 98.5% collection towards the annual target of R7.1 Million. Collection of rental to date is R 6 997 796.

#### ➤ Lease management and renewal

##### Creation of the War Room 2020:

According to the lease register, the department had more than 1500 expired leases. In trying to resolve this, the WAR ROOM 2020 was then created to try to clear the expired leases. A large number of transaction were eliminated from the expired leases list as these were either duplicates, managed by other departments, servitudes and or sales or short term use agreements. A total of 107 leases were thus identified as renewable leases and reports have been prepared for consideration by various committees. The other excess properties will be removed from the lease register in order for the department to have a more accurate lease register. Should we allude

to the encroachment leases making the majority of the lease register.

- **Municipal Acquisitions:** The Municipal Acquisitions Portfolio completed the registration of the transfer of 28 properties to the CoJ, the registration of 3 Notarial Ties and the registration of 111 servitudes in favour of the CoJ.

A total of 142 original registered Deeds have been requested and received from Conveyancing Attorneys and sent to JPC's Asset Management department for safe-keeping and inclusion in the Land Register. The registration of these servitudes created an enabling environment for effective service delivery in Regions A, B, C, E and F.

- **Lease Agreement:** The Crown Mines lease agreement was finalized and this enabled the improvement of the China Mall in Crown Mines.

## Section 2.7: Outdoor Advertising Portfolio

### Progress made in the implementation of the Outdoor Advertising Master Plan

#### Revenue Collected

The revenue collected from outdoor advertising leases is about 55.2% below target. The reason for none achievement of the revenue target from outdoor advertising leases is mainly due to, among other things, the following:

- ❖ The new 2018 Outdoor Advertising By laws was set aside and declared as

unconstitutional and invalid by the High Court on the 18 February 2020 and the City is required to revisit the public participation process in terms of applicable law and as outlined in the judgement;

- ❖ The volume of illegality in the City has increased substantially over the years thus having a negative impact on the value of outdoor advertising;
- ❖ A number of advertising contracts that have lapsed where the City is no longer collecting any revenue pending approval of sites already awarded by EAC by the City's Department of Development Planning and Council to give effect to 36 transitional agreements, and
- ❖ The national lockdown due to COVID-19 has resulted in high vacancy rates as advertisers withdrew their advertising budgets due to a decline of out of home movements by consumers of outdoor advertisements.

JPC achieved the revised annual target of 30% of the implementation of the masterplan during the year under review. As per the implementation plan for the masterplan, the following achievements pertain:

#### Public Notice (10% of the Masterplan)

- ❖ Following the determination of a Transitional Period by Council on 14 March 2019, JPC facilitated the issuing of a 60 day notice to urge all property and media owners to declare to the City all their advertising assets erected on any land to determine their compliance.

- ❖ The aim of the notice is to oversee a fair, accountable, inclusive and transparent participation by the industry as a whole subject to full disclosure of existing advertising assets to the City
- ❖ The Department of Development Planning (DDP) reported that fifty-four (54) media and property owners declared about 19 965 advertising signs comprising of street furniture installation, street poles, billboards and signs erected or attached to various assets across all land.

#### The Transitional Period: Portfolio Review and Restructuring (10% of the Masterplan)

- ❖ JPC achieved 5% for obtaining EAC awards for ten (10) media companies with various advertising formats on CoJ's sites, two of which being for advertising at various taxi ranks managed by JPC.
- ❖ The contracts are subject to approval by Council for the use of CoJ's sites as required in terms of applicable law and the Executive Director: Development Planning of CoJ in terms of the 2009 outdoor advertising By laws.
- ❖ In this regard and to give effect to Council resolution regarding setting up of an interim mechanism, an Ad Hoc Committee was set up comprising mainly of JPC's staff and a Legal representative, CoJ DDP, CoJ Group Legal Advisor, JRA, Building Control Officer, etc.

- ❖ This Committee has been approved by the City Manager as recommended by both the ED: DDP and CEO: JPC and will undertake due diligence and assess all declarations received and to recommend to the ED: DDP to grant approvals or exemption in terms of the 2009 By-laws as resolved by Council on the 14 March 2019. Unfortunately, the work of the Committee is yet to take place as this was placed on hold following declaration of a national disaster of the COVID-19 pandemic by national government hence the delay in finalizing contracts awarded.

#### Stakeholder Management Plan (10% of the Masterplan)

JPC achieved 5% relating to the development and implementation of a media plan or strategy and the following deliverables pertains:

- ❖ Media strategy or plan approved by the CEO for implementation effective January 2020.
- ❖ Meetings were held with Taxi Associations (Minutes attached as evidence)
- ❖ Media statement have been circulated to various media houses.

A number of activities relating to the plan were postponed due to the lockdown in response to COVID- 19 pandemic. Very few media releases were issued particularly as the pandemic became the most topical and newsworthy matter since the declaration of the national lockdown.



### New Business Development (10% of the Masterplan)

- ❖ JPC achieved 5% of the target relating to development of a Street Furniture Programme that was approved by Council resolution of the 14 March 2019. The Terms of Reference were approved by the Accounting Officer (CEO: JPC) in terms of SCM for Goods and Services.
- ❖ Secondly another 5% was achieved for the approval of terms of reference for the development of a financial model for the masterplan
- ❖ Both tenders could not be issued mainly due to the national lockdown by national government in response to the COVID-19 pandemic and National Treasury directives.

### Section 2.8: Marketing & Communications

The Board approved the Communications and Marketing strategy in February 2020, as well as the revised Corporate Social Investment Policy and Strategy. These documents are traditionally updated every three years.

#### Internal Communications

There were five mechanisms utilised to communicate within the organisation these were: internal communications - group e-mails, newsletters, Bulk SMSes, What's App groups by departments and the notice boards. There was an interruption with the newsletters due to COVID-19 pandemic however there were ten newsletters produced as opposed to the twelve monthly planned for. However, there were additional special newsletters based on the

awarding of Inner City Properties in September 2019.

#### Tours to Developments

In August 2019 there was tour to the Sod Turning Ceremonies of four developments in the Inner City which had been awarded in April 2019. These developments were in Yeoville, Doornfontein, Vrededorp and Marshalltown. These were all for mixed-use developments with a focus on student accommodation as per the awards made in the Inner City Properties Rejuvenation project.

#### Social Media

These social media platforms grew to levels that provided the assurance that communication was received by the target market it is intended for. The platforms served to direct subscribers to the website when tenders are available and also to assist in filling the briefing sessions that were available to interested tenderers. The number of followers is as follows:

Platform and followers:

Facebook (4100), Instagram (300), LinkedIn (1518) and Twitter (3919)

The most effective platform for disseminating messages remained twitter and this platform is measureable by media networks and gives colleagues in other departments to send the message to their base. There remains a requirement for the other platforms as there are different target markets.

#### Highlights during the Year

There was publicity for a number of property developments and activities:

- ❖ July, Mandela Day & Service Month – Blanket Handover at Dan House
- ❖ August, Property Developers Sod Turning Ceremony, Pirates Bowls Club Lease and Wastepreneurs
- ❖ September, CEO Receives SAIBPP Award at Annual Convention. Outdoor Advertising Television and Radio Interviews to discuss the 36-month transition period
- ❖ October, Re-advertisement of Tender Documents for properties not awarded.
- ❖ November, Rissik Street Post Office advertised
- ❖ January,
- ❖ February, Informal Markets profile Hoek Street Linear Markets, Fordsburg Square, Lease verification and refurbishments at Johannesburg Market. Heritage Tour to Rissik Street Post Office with Professor Munro
- ❖ March, Outdoor Advertising television advertising, focus on Cleaning of Transport Facilities as managed by the JPC
- ❖ April, continued focus on Service Delivery at Transport Facilities

- ❖ June, Facilities Management of JPC managed offices at the JPC and completion of Depots

### Internal Events

CEO's Motivational Session in December 2019 held at Walter Sisulu Square of Dedication in Kliptown. JPC Health and Wellness Programme was held in February 2020. The goal was to create awareness of the sustained long-term benefits of leading a healthy and well balanced lifestyle amongst employees.

### Corporate Social Investment

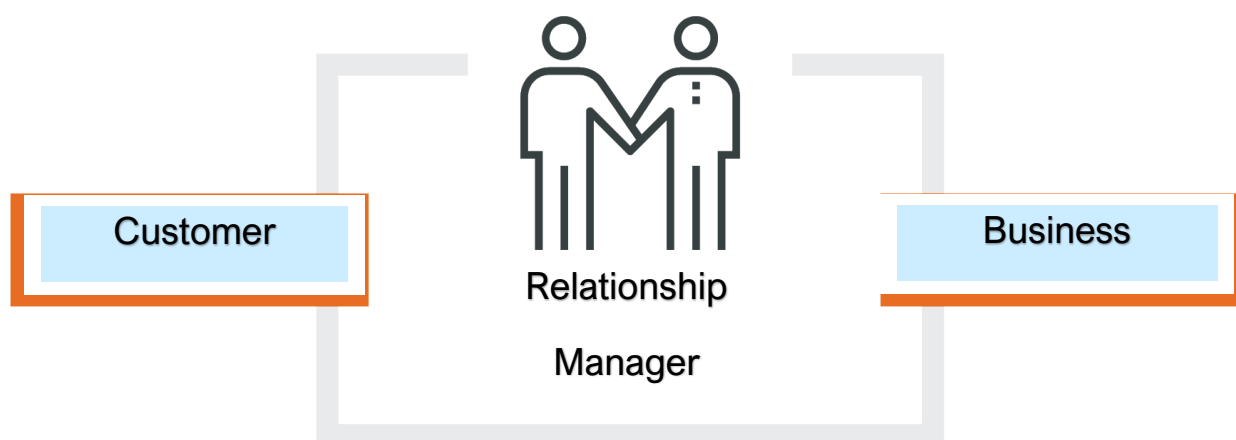
Corporate Social Investment initiatives remain on hold during the Lockdown period, as the sanitary pads cannot be distributed until schools can receive visitors and when a suitable date is identified by the MMC's Office.

The Mandela Day team have already started knitting blankets to give to a needy cause on Mandela Day on Saturday 18 July. This is the third year of the JPC staff knitting squares to enable the project. Staff contribute for the wool and this promotes the active giving by staff members. There will be charitable community activities on the day, but this knitting project starts months in advance to allow the blanket to be ready in time.

## Section 2.9: Client Relations Operations

The inter-dependent relationship between the stakeholders and the organisation focuses on improving the efficiency and effectiveness of customer relations management and ensure the focus is on the customer's needs by:

- Taking a strategic lead to improve the efficiency and effectiveness of customer relations in a coordinated and integrated manner,
- Championing organisational culture to drive customer centricity, and
- Enhancing customer experience throughout the value chain.



**DIAGRAM 18: CLIENT RELATIONS**

The Client Service Centre is an access point where the Johannesburg community can interact with the company regarding Council-owned properties related enquiries by means of a letter, fax, e-mail or telephone, or a personal visit by walk-in clients. Due to the Covid-19 pandemic no walk in clients were permitted from 27<sup>th</sup> March 2020 though all enquiries were attended to telephonically and via email.

### Performance Progress:

- Various site visits to identify illegally occupied and invaded properties and to apply for court interdicts;

- Vigorous programme to improve debt collection initiatives;
- Radio, media and television interviews on the proliferation of illegal outdoor advertising;
- Attended and presented to all relevant Section 79 committees on matters relating to JPC;
- Focused on matters raised in Region B to enable efficient operations and to build effective relationships with councilors and to assist them with property related matters which the community have raised; and
- Rental arrears and improved debtors collection is ongoing;

- 4 Diepsloot properties were transferred back to COJ from Developers in terms of the Township establishment requirements;
- 2 notices to vacate illegally occupied properties by schools in Ivory Park were issued;
- 1 notice to vacate issued to illegal tenant in Fourways which is required by JRA for road widening purposes.
- Outdoor advertising engagement held in Region B;
- Site visits undertaken to Randburg Sports Ground with MMC;
- Briefing session held for Ruimsig Stadium Precinct which has been placed on tender; and
- Site inspections undertaken to Southern Farms portion where displaced people have hijacked a portion of the area earmarked for the development
- Completed in excess of 40 site inspections to support the lease renewal programme by Property Management;
- Created case management inbox to register queries from internal and external stakeholders to expedite and deliver greater service delivery;
- Introduced outdoor advertising inbox; and
- Facilitated and trained new staff on GIS, Windeed and TRIM.

### STAKEHOLDER MANAGEMENT

Stakeholder engagement practices and sustainable relationships form the foundation for JPC's ability to create value in the short, medium and long term. The key priority is creating value and partnerships to ensure that we manage our

stakeholder relationships ethically and accountably. This is done through various governance mechanisms and client relationship management which includes client services.

The material shareholder interests and level of influence vary according to geographical location, area and nature of their roles. Methods of engagement vary from one stakeholder to another but include CEO workshops, JPC open days, media tours, quarterly reports, attendance at meetings, indabas, business breakfast meetings and briefing sessions. In the latter part of financial year, these methods of engagement started to be conducted virtually through relevant platforms such as Microsoft teams or zoom. Effective stakeholder management assists JPC to deliver services timeously.

### Section 2.10: Property Intelligence

#### Performance Progress:

**Abandoned Factories:** The Unit has been responsible for property analysis and in this instance, 35 abandoned factories that have been identified for acquisition. Twenty of these factories were found not to be abandoned. Only 8 required further information gathering and analysis which has taken longer than anticipated to finalise due to the current pandemic. Five of the factory owners have shown interest of sale negotiations which the Property Portfolio is handling and processing. Engagements with the remaining two are still pending finalisation.

**Hot Spot Areas & Financial Recoveries on Social Lease Agreements:** The Unit has started the process in Region G and still had to move to the other Six City of Johannesburg Regions. Strides were made by the unit during the 3<sup>rd</sup> quarter of this financial year in this Region as recoveries had been attained though not fully as this was to take place over a period of three to six months. The progress was stifled by the pandemic as site visits and productive engagements were limited.

**Financial Recoveries on Social Lease Agreements:** The Unit managed to attain

recoveries from two leased properties within Region G for an amount of over R15 000.00 (fifteen thousand rand) in two months. The progress was stifled by the pandemic as some of the lessees raised economic challenges to honour the recovery agreements.

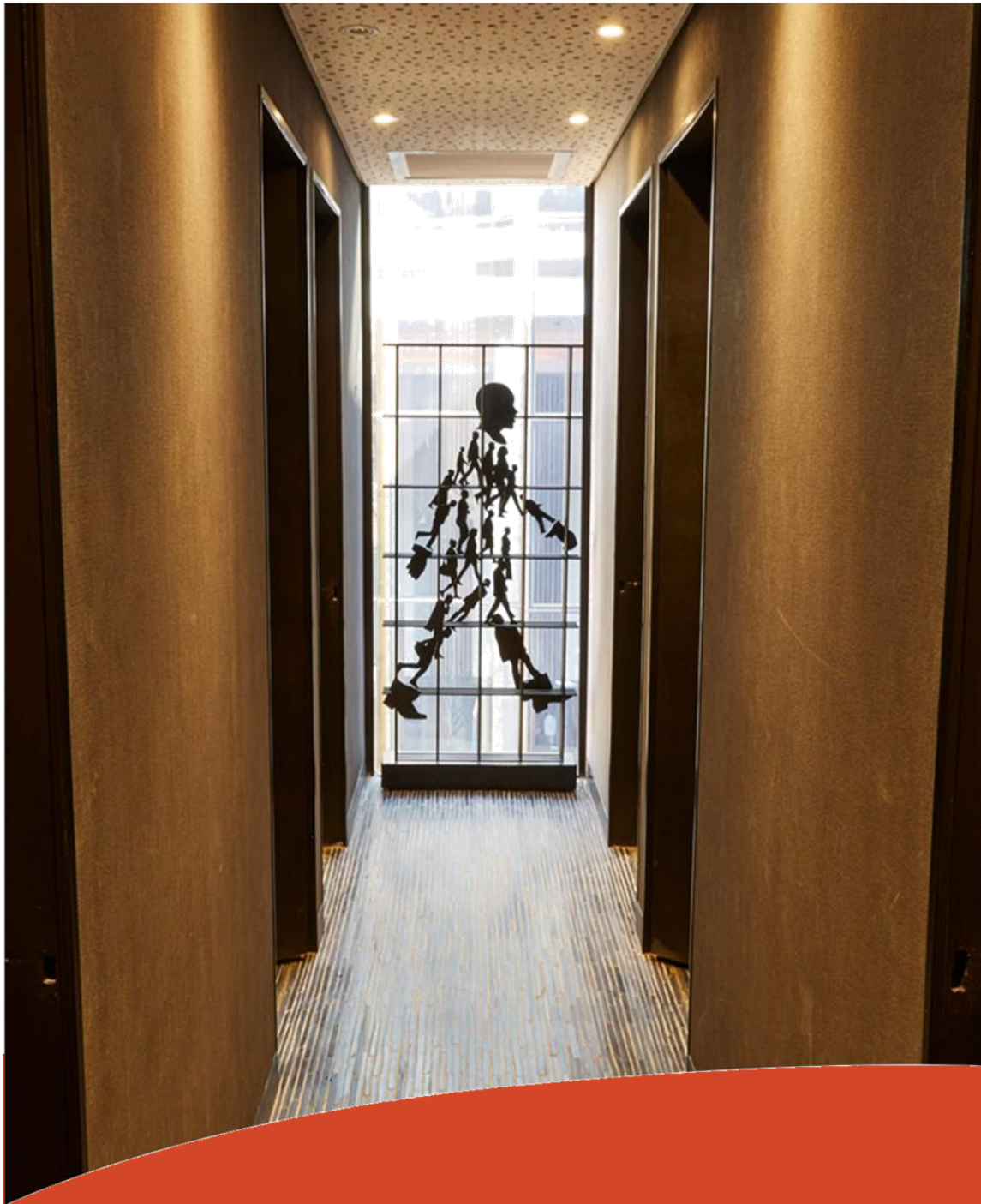
**Acquisitions of Factories:** As part of supporting the land strategy implementation, Five (5) properties have been referred to Property Portfolio for sale negotiations with the factory owners.

## Section 3: JPC Performance Service Standards

KPI	Core Business	Service standard	Target	Full Year		Variance %	Variance Explanation
				Total	Actual		
KPI 1.1	Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	1 day	1907	1907	0	Achieved
KPI 1.2	Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	3 days	2130	2130	0	Achieved
KPI 1.3	The performance of emergency work for JPC managed facilities	Within 1 day of logged call	1 day	451	451	0	Achieved
KPI 1.4	Performance of minor works on facilities managed by JPC	Within 2 days of logged call	2 days	466	466	0	Achieved
KPI 1.5	Performance of major works on facilities managed by JPC	Within 5 days of logged call	5 days	37	37	0	Achieved
KPI 1.6	Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	6 months	0	0	0	Achieved
KPI 1.7	Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	3 months	17	17	0	Achieved
KPI 1.8	Internal allocation of land and buildings to City Departments and Entities (PTOB : Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	10 days	0	0	0	Achieved
KPI 1.9	Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	Quarterly	192	192	0	Achieved
KPI 1.10	Response to general enquiries at client services counter	Within 24 hours of logged call	24 hours	1041	1041	0	Achieved
KPI 1.11	Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	24 hours	2434	2434	0	Achieved
KPI 1.12	Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	30 days	62 of 95 = 65%	62 of 95 = 65%	35%	Some enquiries require in-depth investigations, interrogation, and dependencies on COJ departments, entities, site visits or other spheres of government which result in delays in turnaround times

TABLE 63: JPC PERFORMANCE SERVICE STANDARDS





## *Chapter 4: Human Resources & Organisational Management*

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### Section 1: Highlights and Achievements for 2019/20

#### Revised Human Resources Strategy

Human Capital Management plays a pivotal role in continuously supporting and advising the business on policies, procedures and processes to guide effective and excellent HR practice with the intention to drive the HCM strategic objectives taking into account the following strategic focus areas:

- Aligning the HR strategy to the JPC Strategy, IDP and the Mayoral Priorities by positioning JPC as Employer of Choice.
- The HR Strategy serves as a vehicle to facilitate transformation from a human capital perspective and ensure that JPC has a workforce that is fit for purpose and productive.
- To focus on areas outlined that contribute to the JPC mandate.

#### HR Strategic Priorities

The envisaged success of the strategic objectives will be achieved through the HR Implementation Plan, embedded in the following key HR aspects.

**DIAGRAM 19: HR STRATEGIC PRIORITIES**



The following strategic priorities serve as the primary guiding principle for achieving the desired outcomes of HR strategy. The envisaged success of the strategic objectives, will be achieved through the HR Implementation Plan focusing on the following:

- Organisational Development;
- Talent Management;
- Implementation of HR Policies;
- Training and Development;
- Performance Management and Productivity levels;
- Skills Audit;
- Employee Relations to intensify the turn-around times on disciplinary cases;
- Employee Wellness and
- SAP Upgrade

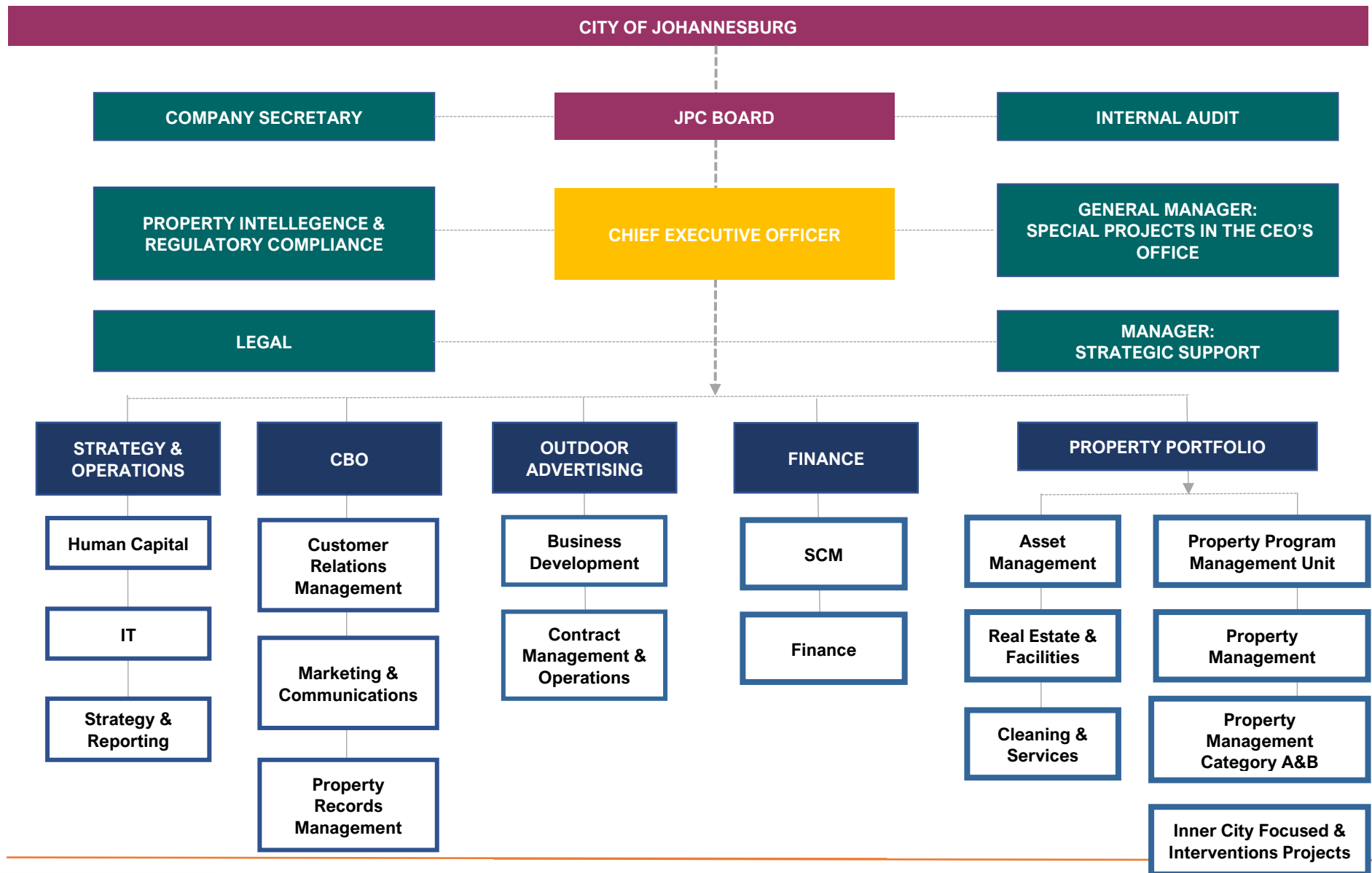
The above aspects/themes are outlined in detail in the HR Strategy where they are underpinned as Strategic Performance Objectives (SPO's) with measures, descriptions and target timelines to meet the business objectives. The Annual report HR section is addressing these targets as outlined in the HR Strategy.

#### **Organisational Development**

The organisation engaged in the implementation plan of the tweaked organisational structure initiative which was aimed at realigning the business, enhancing service delivery against core mandate, through refinement or tweak of the organisational structure without added further financial constraints.

The JPC mandate has increased by virtue of inheriting 1232 insourced cleaners who are now catered for in the organizational structure and this also increased the organization's staff complement. The structure below is a reflection of the JPC high level structure including cleaning services function:

#### **DIAGRAM 20: JPC HIGH LEVEL ORGANISATIONAL STRUCTURE**



### Talent Management

Human Capital Management in consultation with Management identified key critical positions that were advertised both internally and externally in line with the Talent Acquisition policy. It is with great enthusiasm to confirm that all critical and strategic vacancies have been filled and the business is optimally fit for purpose in terms of delivering its business objectives. The organization has obtained, improved, and retained the skills, knowledge and human capital resources needed to competently accomplish the implementation the JPC mandate.

### HR Policy Implementation

Employee Engagement Sessions were conducted from **08<sup>th</sup> to 23<sup>rd</sup> July 2019** following the board approval of HR policies. Employees showed positive reception to the HR Policy Workshops. These sessions created awareness on where the business is and how employees need to change their mind set in terms of the way of working in line with the new policy changes.

### Section 2: Employee Remuneration and Cost Including Executives

The total salary bill equates to an amount of R383 250 145 for the 2019/20 financial year. The table below reflects a comparison of cost as at 30 June 2019 versus 30 June 2020 and showcases the variance:

Line budget item	Budget		Variance	
Employee related costs	30 June 2020	30 June 2019	%	Rand value
	383 250 145	278 131 608	37.79	105 118 537

**TABLE 64 EMPLOYEE REUMUNERATION & COST**

The table above depicts the salary bill for the 2019/2020 financial year inclusive of the following transactions that emerged:

- Cost of living increase for 2019/2020 was implemented at 6.5%.
- Adjustment of all related employee benefits such as homeowners allowance and medical aid new limits.
- Payment of annual bonuses/13<sup>th</sup> cheques in November 2020
- Payment of performance bonuses to qualifying Executive and Senior managers following AGM
- Uploading of new tax tables in March 2020 the beginning of the 2020/2021 tax year
- Final payments of terminated employees
- Appointment of new employees and promotion into higher positions of existing employees following a recruitment drive

**Overtime Costs: 2019/2020 (July to June)**

Overtime expenditure is consistent and is as a result of services rendered to the public by JPC in respect of public convenience facilities. Public convenience facilities are open seven (7) days a week and are being maintained by employees who work five (5) days a week, they are required to work over weekends in order to deliver a quality service to the public.

2019/2020 FINANCIAL YEAR OVERTIME EXPENSES			
Monthly	Total Costs	% Expenditure	Quarterly Reduction
Q1 – (Jul-Sep)	1 119 847.40	26%	-5%
Q2 – (Oct-Dec)	1 336 468.49	32%	0%
Q3 – (Jan-Mar)	1 322 739.51	31%	21%
Q4 – (Apr-Jun)	454 203.98	11%	-21%
<b>TOTAL AMOUNTS</b>	<b>4 233 259.00</b>		

**TABLE 65: QUARTERLY OVERTIME FOR THE 2019/20 FINANCIAL YEAR**

The quarterly overtime indicates a slight decrease in the first quarter and a significant cost reduction in the fourth quarter by 21%. The reduction is due to the world wide Corona Virus pandemic which saw the country locked down from 26<sup>th</sup> March 2020.

The ultimate goal is to continue to reduce the overtime cost in the 2020/2021 financial year by introducing shift and rational schedules.



### Section 3: Key Vacancies

HCM conducted engagement sessions with the EXCO team members to identify critical and strategic vacancies to be filled in alignment to the business strategy and core mandate. Furthermore, these vacancies were advertised internally and externally as an intervention to close capacity gaps of critical vacancies at a total of 91 positions through the recruitment process in which fifty six (56) positions were filled.

To ensure that the recruitment process was transparent and fair to all employees, the shortlisting and interview panels comprised of the following: Organised Labour (as observers), 2 representatives from hiring department; Employment Equity representative and an external manager from other MOE's. This initiative had a positive impact as it helped boost staff morale and it opened opportunities for employees to advance, utilise their skills and gain new competencies. 60% of Critical Vacancies have been filled to date.

JOBURG PROPERTY COMPANY: EMPLOYEES STATUS							
	2016/17	2017/18	2018/19	2019/20			
JOB LEVEL	EMPLOYEES	EMPLOYEES	EMPLOYEES	TOTAL NO. OF POSITIONS	FILLED POSITIONS	VACANT POSITIONS	VACANCIES (AS A % OF TOTAL %)
0-3	5	4	4	6	5	1	17%
4-6	69	59	60	115	77	38	33%
7-9	323	299	220	593	316	277	47%
10-11 etc.	152	144	203	1436	1326	110	8%
Total Permanent	N/A	N/A	487	2150	1724	426	20%
Temps	N/A	N/A	13	N/A	3	N/A	N/A
<b>Total</b>	<b>549</b>	<b>506</b>	<b>500</b>	<b>2150</b>	<b>1727</b>	<b>426</b>	<b>20%</b>

**TABLE 66: KEY VACANCIES – VACANT AND FILLED**

#### Staff Movements:

**Terminations:** It is reported in this financial year (2019/2020) that 57 terminations were actioned.

TABLE 67: TERMINATIONS

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	1	0	0	0	2
Professionally qualified and mid-management	0	0	0	0	0	0	0	0	0	0	0
Jun. Management, Superintendents and Skilled Technical	1	0	0	0	1	0	0	1	0	0	3
Semi-skilled / Administration	15	0	0	1	2	1	0	0	0	0	19
Unskilled and defined decision making	5	1	0	0	15	0	0	0	0	0	21
Total Permanent Staff	21	2	0	1	18	1	1	1	0	0	45
Temporary Employees	1	0	1	0	8	1	1	0	0	0	12
GRAND TOTAL	22	2	1	1	26	2	2	1	0	0	57

The table above illustrates the terminations realised inclusive of temporary and permanent employees as per occupational levels, race and gender. These terminations were mainly due to early retirement; death and termination of temporary employment contracts.

*The graph below indicates the reasons for termination that transpired in this financial year:*

- **Dismissal/Retrenchment:** Three (3) employees were dismissed due to misconduct and one (1) employee was retrenched.
- **End of Contract:** Twelve (12) temporary employees' contracts came to an end in this financial year and were not renewed due to a recruitment drive to permanently fill these positions was underway.
- **Medical Boarding:** Two (2) employees were medically boarded following a thorough medical investigation by the pension fund and declared to unfit to work.

- **Deceased:** Eighteen (18) employees passed away in this financial year mostly through ill health.
- **Early Retirements:** Thirteen (13) employees went on early retirement due to issues of ill health and age.
- **Resignation:** Six (6) employees resigned from the organisation with prospects for better career opportunities
- **Retirement:** Two (2) employees went on retirement in this financial year, this number is reduced by the high number of employees who choose to retire early.

The impact of termination rate realised contributes to the under capacitation within key business areas and a way forward has been carved wherein the business has advertised and filled some of the critical positions in this financial year.

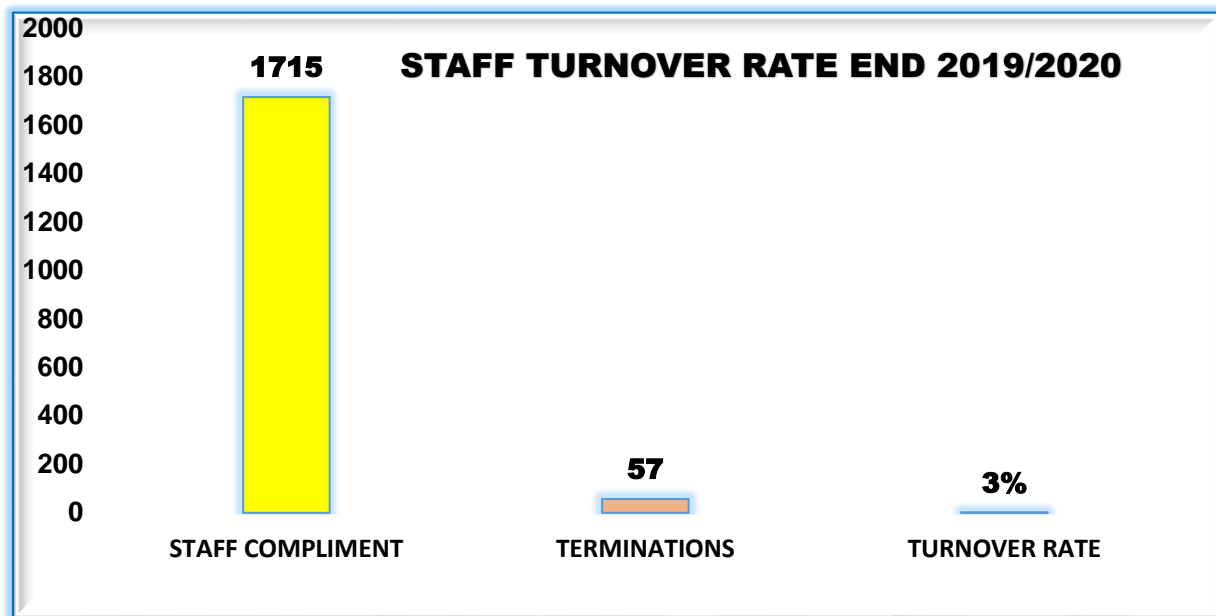


DIAGRAM 21: STAFF TURNOVER

The graph above shows staff turnover rate of 3%, which is a good level taking into consideration that a healthy turnover rate is 5% to 10%. Employees stay longer in the employ and this indicates that JPC is fair in paying employee benefits as an employer of choice.

#### Section 4: Employment equity

In the past three consecutive years, 2016, 2017 and 2018 JPC attempted to recruit female candidates to fill the top and senior management positions to mitigate the underrepresentation and to create a balance in terms of gender and race. Furthermore, the JPC adopted different approaches to ensure equal employment opportunities to mitigate budget constraints as the major barrier to fill the vacant position, and improve underrepresentation of people from non-designated groups in terms of gender and race in all occupational levels.

Initiation of promotions at lower levels through internal recruitment which increased a number

of woman in middle management and administrative levels. Temporal appointments, which are more biased towards females to achieve the gender split of 50/50%. Encouraged Acting Assignments to balance the workforce, and provide opportunities of development for junior employees to progress to supervisory or management levels. Offered work related experience to Unemployed Youth (Interns) in a form of Internships as part of offering employment and imparting new skills for future work opportunities.

Although these initiatives have contributed to woman empowerment and advancement of their skills, there will still be more effort required to fill the top management level to be fully representative in terms of race, gender and Persons living with Disabilities.

The total JPC EE demographics in the table below includes newly appointed employees. The total workforce is 1715 as at 30<sup>th</sup> June 2020.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	2	0	1	1	0	1	0	0	0	0	5
Senior Management	11	0	1	2	8	1	1	0	0	0	24
Professionally qualified and mid-management	19	1	6	4	24	2	2	6	0	0	64
Jun. Management, Superintendents and Skilled Technical	96	6	6	9	74	16	2	1	1	0	211
Semi-skilled / Administration	8	0	0	0	78	7	1	1	0	0	95
Unskilled and defined decision making	348	2	0	1	946	19	0	0	0	0	1316
Total Permanent Staff	484	9	14	17	1130	46	6	8	1	0	1715
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	484	9	14	17	1130	46	6	8	1	0	1715

TABLE 68: EE DEMOGRAPHICS

The above table depicts workforce analysis inclusive of the Cleaning Service staff and presents a complete analysis of demographics taking into consideration the current gender and racial split status across all occupational levels.

### Employment Equity Gender and Racial Splits in the period under review

JPC has made impeccable progress in creating equal employment opportunities, subsequent to the approval of the tweaked organizational structure in June 2019. The appointments made

following the Talent Acquisition process for GM's and Senior Managers has also contributed in closing equity gaps and to balance the gender and race challenges to mitigate underrepresentation. The appointment of the senior officials, administrative support and large number of General Workers has significantly changed gender and racial split demographics.

The JPC EE targets are based on the Provincial Economic Active Demographic Populations targets as follows:

## Provincial Economic Active Demographic Population (EADP)

Population Group	Male %	Female %	Total %	Gender Split %
Africans	45.3	35.7	81	Male 50%
Coloureds	1.3	1.3	2.6	
Indians	1.9	1	2.9	Female 50%
Whites	7.4	6.1	13.5	
Disability			2%	

TABLE 69: GENDER &amp; RACIAL REPRESENTATION

Below tables indicates gender and racial current numerical and under representations as per the Provincial Economic Active Demographic Population (PEADP) stats.

## EE Targets based on EADP:

Overall Racial Split	RACIAL SPLIT			
	A	C	I	W
Actual	94%	3%	1%	5%
Target	81%	3%	3%	14%
Gaps	13%	0%	-2%	-9%

TABLE 70: OVERALL RACIAL SPLIT

The above table shows an over representation of the designated groups and under representation of the no designated groups. Preference will be given to White and Indian females when the opportunity arises and as and when vacancies are filled.

The table below indicates Gender Split % and Numerical:

Gender Split - June 2020	Gender Split %	Numerical
MALES	31%	525
FEMALES	69%	1190
		1715

TABLE 71: OVERALL RACIAL SPLIT

GENDER SPLIT	ACTUALS	TARGET	GAP
MALES	31%	50%	-19%
FEMALES	69%	50%	19%

TABLE 72: GENDER SPLIT

During the end of 2019/2020 JPC is reporting **31% male** and **69% female**, in comparison to 2018/2019 financial year the employer was at **58% male and 42% female** gender splits. The current gender split indicates a significant change in male and female representation with the new appointments as compared to the previous reporting period. JPC has made great strides in woman empowerment in gender equality and equal employment opportunities. A number of woman have been appointed in General, Senior Middle and Junior occupational levels. As part of social responsibility in curbing unemployment, JPC has also contributed in appointment of interns on permanent basis thus creating employment opportunities.

### **Section 5: Skills Development and Training**

#### **Training Interventions**

Capacitation of employees with key competencies required to perform their duties to achieve the set strategic objectives of the workforce progressed successfully until end of Q3. Though some of the training was postponed during level 5 the National Lockdown regulations. New available learning solutions like virtual tools Skype and Zoom were adopted to allow remote learning without being in groups or lecture rooms setup which assisted to complete some of the planned training.

The training interventions conducted under this period (**July 2019 to June 2020**) were aimed at addressing Managerial, Functional/Technical, and Legislative Compliance competencies. The prioritised intervention was to capacitate employees to meet the National Treasury minimum competency based on the nature of work and the regulations relating to managerial/leadership competencies. A total number of **213** employees benefited and gained new skills as per the table below:



Course/Programme conducted	No. of Beneficiaries
SAPOA	2
MUNICIPAL FINANCE PROGRAMME	15
SAMTRACT	1
LOCAL GOVT. PROGRAMME	1
PROPERTY DEVELOPMENT PROGRAMME	1
CORPORATE GOVERNANCE SEMINAR	1
CONTRACT MANAGEMENT	8
INDUCTION AND ORIENTATION (INTERNS)	63
PERFORMANCE MANAGEMENT	16
PROJECT MANAGEMENT	20
STAKEHOLDER MANAGEMENT	16
PERFORMANCE MANAGEMENT	14
COACHING FOR MANAGERS	11
DIVERSITY MANAGEMENT	16
COVID-19 WORKSHOP	13
<b>TOTAL</b>	<b>213</b>

TABLE 73: TRAINING INTERVENTIONS

## Beneficiaries per Occupational Level

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	1								0	0	1
Senior Management	7			1	7	1	1		0	0	17
Professionally qualified and mid-management	8	1	2		11		1	2	0	0	25
Jun. Management, Superintendents and Skilled Technical	14	1	4		11	1		1	1	0	33
Semi-skilled / Administration	14	1			17	4			0	0	36
Unskilled and defined decision making						1			0	0	1
Total Permanent Staff	44	3	6	1	46	6	2	3	1	0	113
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>44</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>46</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>113</b>

TABLE 74: OCCUPATIONAL LEVEL BENEFICIARIES

The table above depicts the number of employees who benefited from the intervention listed above. It is worth noting that the total number of the beneficiaries as projected per occupational level may seem less than the on the training intervention. The rationale is that the beneficiary is recorded once on the table regardless of number of interventions attended.

Other programmes above were implemented to achieve the following objectives:

- Educate employees who constantly interact with various clients and **stakeholders and communities** at large on behalf of JPC, on how to effectively build good business relationship by identifying stakeholder needs, managing their expectations and interests through influential communication and negotiating skills.
- Newly appointed project managers, administrators and employees who are assigned **project management** responsibilities to effectively manage projects to reduce costs and improves service delivery.
- Equip employees with knowledge of how to **manage contracts**, put control measures in place to ensure that services procured are executed in line the conditions of the agreement.
- Capacitate newly appointed and existing General, Senior and Middle management team to understand the **performance management process** and principles guiding the planning, expertise managing and evaluation of

performance management system in order to achieve the strategic priorities.

- Training targeted employees who plays an influential leading role to **collaborate with management in promoting equal opportunities for all employees at all levels** and leverage from the a diverse workforce in terms of gender, ethnicity and culture thus building inclusive and harmonious work environment that strives to promote tolerance, acceptance and understanding of differences in the workplace.
- **Coaching** is one of interventions that provides a **value-added experience to enhance employee performance**, formal learning programmes such as the Learnership programmes and experience based-programmes such as the Internship Programme. JPC is hosting a number of graduates to provided work based experience and it is expected that line managers/mentors are equip provide proper coaching to ensure that interns gain relevant knowledge and experience.

### Workplace Skills Plan (WSP)

The development of the 2020/2021 Workplace Skills Plan (WSP) was based on the current Learning and Development Master Plan which is aligned to the business current competency gaps and Corporate Business Strategic objectives. The Workplace Skills plan and Annual Report was prepared and successfully submitted to Services SETA on 29<sup>th</sup> May 2020.

### Learnerships and Graduates Internship Programme

In January 2020, Sixty Nine (69) interns were placed at JPC in partnership with Services SETA Internship programme for a period of twelve months. In light of the Covid-19 pandemic and its possible impact on the workplace, and a way of implementing precautionary measures to prevent and minimise the contracting and spreading of the virus, and maintain social distance, the JPC management took a decision that Interns must remain at home on standby effective 23rd March 2020.

Some of the Interns were recalled to provide administrative assistance to line managers as

and when there was a need. The rest of the interns have remained at home and will only be back at work fully during level 2. Internship Remedy Implementation plan was submitted to Services SETA end of April 2020 as part of helping Interns catch up with their development.

### Section 6: Performance Management

Performance Scorecards for 2019/2020 financial year had been concluded and management to ensure that performance objectives are achieved.

### Section 7: Disciplinary Matters and Outcomes

#### Disciplinary Matters

One (1) employee facing charges relating to a misconduct and the disciplinary hearing is in progress. One (1) employee's suspension has been lifted and issued with a final written warning as an outcome of the disciplinary meeting.

Case Description	Outcome
Dishonesty and absenteeism	The case was postponed for an investigation report and is continuing.
Dereliction of duties	Final written warning

TABLE 75: DISCIPLINARY MATTERS

### External Disputes

Case Description	Outcome
Labour Court Review Application	Labour Court judgement in favour of JPC
2 Urgent Labour Court Applications were opposed. One for non-payment of salary and benefits and the other for contempt of Court.	The matter regarding the contempt of court application was rectified by the JPC and the Court made no order as to costs. The JPC lodged an application for leave to appeal regarding the matter relating to the payment of salary. The Court granted JPC leave to appeal.
2 referrals for Unfair Labour Practice	Conciliations were held on 23 March and 11 August 2020. Arbitrations are being set down in the new financial year.
3 Referrals of unfair dismissal	Conciliation were held and arbitrations are set down during the new financial year.

TABLE 76: EXTERNAL DISPUTES

Eight matters have been referred to the external dispute resolution mechanism at SALGBC and Labour Court and the outcome is indicated above. The Labour Court found in favour of JPC in the Review Application.

### Union Representation

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

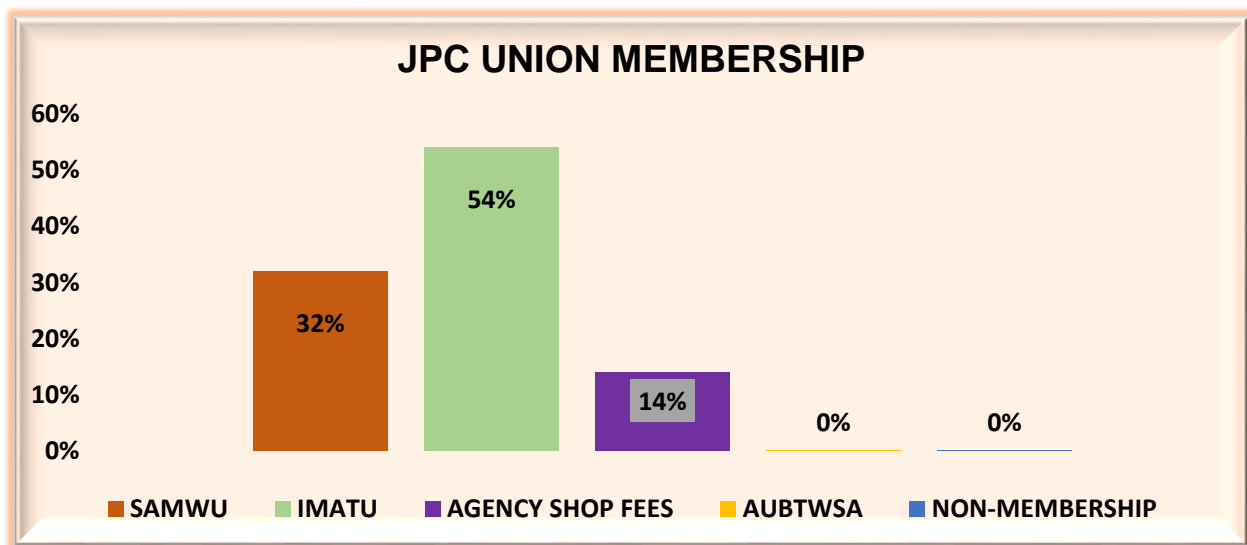


DIAGRAM 22: JPC UNION MEMBERSHIP

The union representation and membership graph above shows that from a staff compliment of 1715 permanent employees, 32% belongs to SAMWU, 54% belongs to IMATU and 14% fall within the Agency shop fees. There is a new union that has been introduced but does not have membership as yet. Majority of the cleaning department are affiliated with IMATU which has given them a rise over SAMWU.

### Section 8: Leave and Productivity Management

#### Leave Liability: 2019/2020 (July to June)

The leave liability amount based on the annual leave balances as at end June 2020 amounts to R20 295 057. The leave liability amount indicates a substantive increase in comparison to the previous quarters. The increase relates to the COVID-19 pandemic that enforced the whole country into a lockdown and ever since employees have been working from home. This saw a reduction in leave utilisation and therefore an increase in the leave liability.

#### Leave Provision: 2019/2020

MONTH	LEAVE DAYS	AMOUNT
Q1 (Jul-Sep)	10 434	18 448 424
Q2 (Oct-Dec)	17 131	17 445 606
Q3 (Jan-Mar)	18 787	18 610 104
Q4 (Apr-Jun)	28 286	20 295 057

TABLE 77: LEAVE PROVISION 2019/20 FINANCIAL YEAR

#### Absenteeism: 2019/2020 (June - July)

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Sick Days Taken	% Absenteeism
Office of the CEO	July 2019 - June 2020	10	66	0.01%
Finance & SCM	July 2019 - June 2020	35	349	0.08%
Information Technology	July 2019 - June 2020	2	4	0.00%
Client Business Operations	July 2019 - June 2020	32	208	0.05%
Corporate Services	July 2019 - June 2020	18	102	0.02%
Outdoor Advertising	July 2019 - June 2020	4	20	0.00%
Portfolio Management	July 2019 - June 2020	313	2573	0.58%
Cleaners	July 2019 - June 2020	214	760	0.17%
TOTALS	Annual	628	4082	0.92%

TABLE 78: ABSENTEEISM: 2019/20 FINANCIAL YEAR

The above table illustrates the absenteeism rate per department, JPC has an absenteeism rate of 0.92% and the department with the highest absenteeism rate is Portfolio Management. This department is where majority of our technical and lower level employees are based and it is also plagued by an aging workforce as majority of our technical team employees have a long service history with the COJ.

## Section 9: Employee Wellness

### Employee Wellness Programme

In the financial year under review, Careways Wellness Proprietary Limited (Caraways) was contracted by JPC to provide EAP Wellness Counselling services for its employees in the following respects:

Substance Abuse, Crisis or Emergency, Grief Counselling, Fitness for Duty, Threat of Violence Potential, Sexual Harassment, Professional Support Line Service (24-hour, 7 days a week), Personal Counselling (Face to Face), HIV/AIDS and other dreaded diseases education, counselling and support, VCT Counselling and Testing, Management Training and Support, Referral Service to appropriate resources outside the Employee Wellness Programme, Critical Incident Stress Debriefing Sessions and Safety Behaviour Risk Assessments.

### Utilisation

At inception, JPC had consistently reached utilisation rate of above 8% which clearly indicates that employees trusted the EWP services available. During the later months after inception, there was a noticeable drop in utilisation over time. This was not unique to JPC because high utilisation of the EWP is often noticed during the first 3 months of the programme when employees test the service, reach out for practical matters or require support for longstanding problems. Following this, utilisation usually drops until a consistent utilisation rate is reached.

From the services being accessed, it was evident that employees are aware of and comfortable to access the various EWP service available to them. Face-to-Face Counselling was the top service accessed.

Employees accessed the EAP with various problem types including stress, phase of life/adjustment difficulties, formal referral – absenteeism, alcohol dependency and family related legal queries. Many of the problems reported to the EWP are drivers of absenteeism and presentism in the workplace. It is encouraging to note that employees accessed the EWP to address these issues.

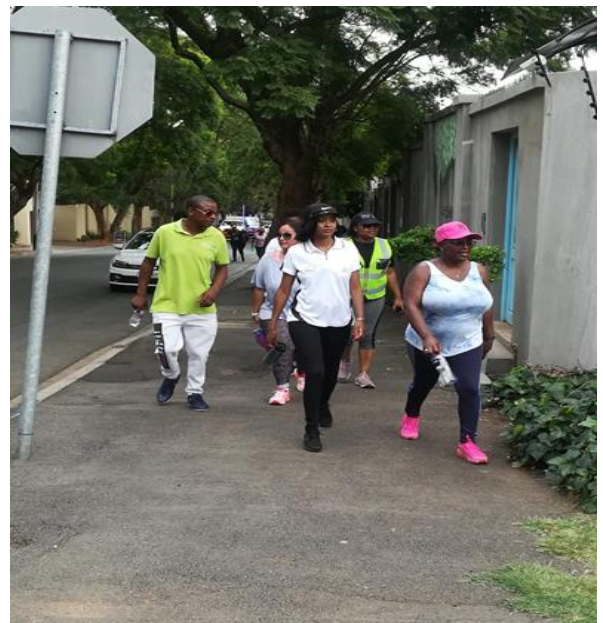
An annualised utilisation rate of 4.46% was reported by the EAP provider. Best practise for EWP utilisation (nationally and internationally) is between 8 and 10% per year. It should be noted that the problems reported on are all personal in nature and such problems could adversely impact the performance, productivity and attendance of the employees in the workplace. It is therefore positive to note that individuals were accessing the EAP to address such matters.

A Staff Engagement Session was held on 06th December 2019. The theme for the engagement session was “Your Health is your Wealth” and Living Healthy is a must and addressing the importance of living healthy and ensure that the wellbeing for JPC employees is a prioritised wellness agenda.



The first of the Health and Wellness events for 2020 commenced with a walk from Braampark to the West cliff Stairs. The JPC Health and Wellness initiative was in support of the “National Healthy Lifestyle Awareness” which forms a part of the National Department of Health’s calendar. The walk was held on 21st February 2020 and was well received and attended by employees from the depots and head office. Walking has so many health benefits in terms of body toning, shaping and weight loss and can also reduce the risk of many diseases. Further health awareness group events have been postponed due to the restrictions imposed as a result of the corona virus pandemic and alternative awareness methods which implement social distancing were applied.

***“Healthy Lifestyle Awareness Walk” 21st February 2020***



During the hard lockdown imposed due to the COVID-19 Pandemic, employees were encouraged to utilise the emergency mental health and domestic violence helplines. These include the Anxiety and depression helpline, Corona Virus Helpline, family violence, child protection and sexual offences unit, amongst others. Employees were kept abreast by short messages from the CEO to keep them part of the organisation although at home.

Employees who returned to work during level four and three of the lockdown were required to undergo screening and testing before returning to the workplace. Screening continues on a daily basis when employees report for duty. Two occupational health nurses have been appointed on a fixed term basis to service JPC employees. The professional nurses supervise the daily screening of employees and provide telephonic tracking and counselling to those employees affected and infected by the COVID-19 virus. The professional nurses also manage the process of employee comorbidity prevalence at JPC.

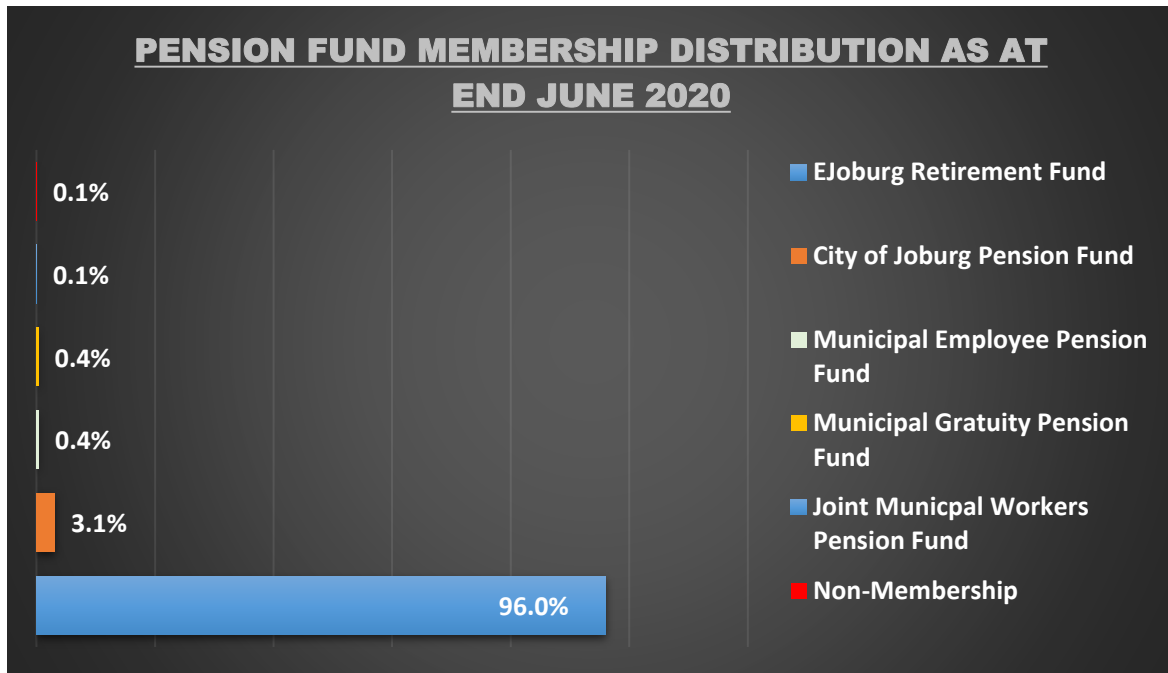
### HIV/AIDS

The employee health and wellness programme for HIV/AIDS is centred on prevention, treatment, care and support. In addition to the counselling services provided by JPC's EAP service provider (CAREWAYS), employees infected or living with HIV/AIDS have access to the HIV/AIDS programme offered by COJ Group Occupational Health Clinics where they receive testing, treatment and counselling.

### Section 10: Employee Benefits

The graph below demonstrates the membership distribution of JPC to the accredited pension funds. This condition is compulsory to all JPC employees with the exception of the Chief Executive Officer and temporary employees. In terms of the salary and wage collective agreement, the pension fund condition ordinarily increases by virtue of the salary increase percentage and related linked benefits.

DIAGRAM 19: PENSION FUND MEMBERSHIP



The Accredited Medical Aid Schemes membership distribution as at end June 2020 is as follows:

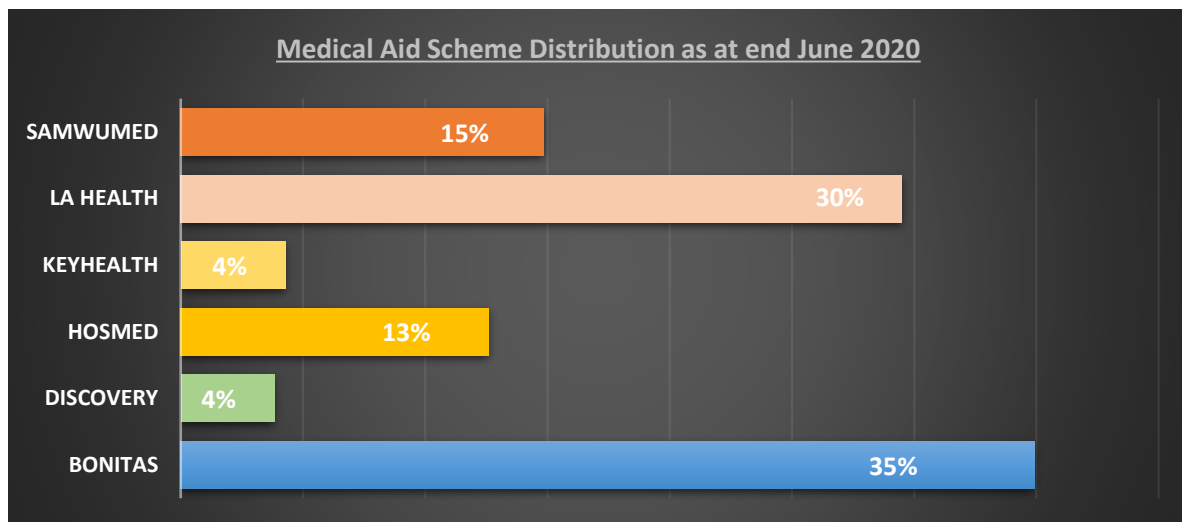


DIAGRAM 20: MEDICAL AID SCHEMES MEMBERSHIP

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at the end of June 2020. The provision set out in relation to medical aid, states that for the duration of the salary and wage agreement, and based on the 60/40 principle set out in the Main Collective Agreement, the current maximum medical aid employer contribution rate to accredited medical schemes increased to **R4 492.35** for 2019/2020 financial year.

**Occupational Health and Safety**

- ❖ Emergency Display Chart with valuable information on appointed OHAS Workplace representatives for Fire and Safety, First Aid Officials and, the emergency contact numbers for all emergencies. Availing such information to JPC's OHAS Stakeholders, is a continuation effort to influence and maintain the JPC staff awareness roll out programme for the 2019-20 period.
- ❖ Zero tolerance drive and practice towards potential fire hazards at JPC's 11 workplaces where, the area of focus is to ensure that, the JPC staff enjoy a safe and secure working environment. In supporting the drive, various OHAS goods and services were ordered to provide benefits such as, advance fire warnings through the use of safety tools; fire warning panel Boards, fire sirens, smoke detector and, visible warning signs. The matter is ongoing and is expected to reach closure in the 2019-2020 period.
- ❖ The latter half of 2020 also focused on implementing health and Safety priority programmes at JPC as part of ensuring compliance to Covid -19 workplaces regulations while improving OHAS standards at workplaces is visible.
- ❖ Compliance at all operational levels.
- ❖ JPC conducted sanitation and deep cleaning initiatives through the City's Markets and Transport facilities and provided sanitizers dispensers at all its facilities. The distribution of personal protective clothing and safety gear to all employees was completed to combat Covid-19. JPC strives to ensure that JPC's employees, comply with safety regulations hence the workplace is being reconfigured to accommodate social distancing requirements.





## *Chapter 5: Financial Performance*

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## Section 1: Statement of Financial Position &amp; High-Level Notes

			VARIANCE	
REF	30-Jun-20	30-Jun-19	%	R
<b>Assets</b>				
<b>Current assets</b>	<b>680 474 386</b>	<b>441 264 731</b>	<b>54.21%</b>	<b>239 209 655</b>
Cash and cash equivalents	2 000	2 000	0%	-
Receivables from exchange transactions	671 207 571	430 351 914	55.97%	240 855 657
Loans to shareholders	8 960 950	10 660 919	-15.95%	-1 699 969
Receivables from non-exchange transactions	2 939	53 475	-94.50%	-50 536
Prepayments	300 926	196 423	53.20%	104 503
<b>Non-current assets</b>	<b>60 862 222</b>	<b>89 217 127</b>	<b>-31.78%</b>	<b>-28 354 905</b>
Deposits	182 092	173 897	4.71%	8 195
Prepayment	24 447	212 576	-88.50%	-188 129
Property, plant and equipment	20 017 879	30 081 913	-33.46%	-10 064 034
Intangible assets	13 890 178	14 193 617	-2.14%	-303 439
Deferred Tax Asset	19 889 399	37 861 703	-47.47%	-17 972 304
Current tax receivable	6 858 227	6 693 421	2.46%	164 806
<b>Total Assets</b>	<b>741 336 608</b>	<b>530 481 858</b>		<b>210 854 750</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>	<b>735 517 870</b>	<b>539 772 041</b>	<b>36.26%</b>	<b>195 745 829</b>
Payables from exchange transactions	340 290 923	176 897 134	92.37%	163 393 789
Finance lease obligation	4 183 102	7 400 956	-43.48%	-3 217 854
Income received in advance	3 975 000			3 975 000
Loans from shareholders	372 059 085	344 892 230	7.88%	27 166 855
Provisions	3 096 951	2 412 991	28.34%	683 960
Operating lease liability	11 912 809	8 168 730	100.00%	3 744 079
<b>Non-Current Liabilities</b>	<b>1 233 120</b>	<b>5 554 222</b>	<b>-77.80%</b>	<b>-4 321 102</b>
Finance lease obligation	547 120	4 730 222	-44.10%	-4 183 102
Employee benefit obligation	686 000	824 000	9.20%	-138 000
<b>Total liabilities</b>	<b>736 750 990</b>	<b>545 326 263</b>		<b>191 424 727</b>
<b>Net Assets</b>	<b>4 585 618</b>	<b>-14 844 405</b>		<b>19 430 023</b>
Share Capital	5 142 721	5 142 721	0%	-
Accumulated Surplus/(Deficit)	-557 103	-19 987 126	-97.21%	19 430 023
<b>Total Net Assets / Liabilities</b>	<b>4 585 618</b>	<b>-14 844 405</b>		<b>19 430 023</b>

TABLE 79: STATEMENT OF FINANCIAL POSITION - ASSETS



## Notes to the Statement of Financial Position

1. Trade receivables from exchange transactions increased year-on-year as JPC executed repairs and maintenance and capex projects, as well as cleaning for the COJ's departments. Through the emergency COVID-19 adjustment budget submitted to JPC on the 29<sup>th</sup> of June 2020, the subsidy was increased significantly and resulted in R90 million being included in trade receivables for this item alone. An impairment on facilitation fees for the 2019 financial year of R23.6 million was raised as the recoverability of this monies is dependent on stage of completion. Due to the timing of the award and the impact of COVID-19, developers did not reach the necessary stage of completion for JPC to recover the fees by the 2020 financial year end.
2. The fixed assets of JPC have reduced significantly year-on-year as assets are reaching the end of their useful lives. The JPC was provided with a R1 million CAPEX budget for the 2020 financial year that could not replace ageing IT equipment and had to be utilised to maintain the IT infrastructure.
3. A deferred tax asset on losses brought forward from previous financial years was recognized in the 2019 financial year. Taxable profits for the 2020 financial year have been utilised against accumulated tax losses resulting in a year-on-year reduction in the net deferred tax asset. The provision for doubtful debts gave rise to a R17 million temporary difference in the tax computation that accelerated the use of accumulated tax losses.
4. Trade and other payables has increased year-on-year as COJ departments and JPC repairs and maintenance projects were completed and accrued at financial year end. Included in accruals is R48 million for security services provided by JMPD at various corporate buildings; this was transferred to JPC during the emergency COVID-19 adjustment budget.
5. Loans to and from shareholders increased as payroll costs to Group Finance could be settled by financial year end due to technical challenges the COJ is experiencing with its SAP system. The sweeping account, year-on-year, decreased by R85.4 million as cash collection from related parties increased.
6. JPC increased the operating lease liability from the straight-lining of office accommodation leases. This is was due to the renewal of existing leases at current market values and the acquisition of additional office accommodation through leasing.

## Section 2: Statement of Financial Performance

			VARIANCE	
REF	30-Jun-20	30-Jun-19	%	R
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>	<b>86 749 738</b>	<b>119 402 942</b>	<b>-27.35%</b>	<b>-32 653 204</b>
Cellmast services	13 324 191	12 429 367	7.20%	894 824
Commissions and ad hoc fees	30 459 423	43 633 173	-30.19%	-13 173 750
Management fees	38 608 347	38 527 299	0.21%	81 048
Internal recoveries	2 032 264	-	100.00%	2 032 264
Facilitation fees	2 325 513	24 813 103	-90.63%	-22 487 590
<b>Revenue from non-exchange transactions</b>				
	<b>725 236 400</b>	<b>509 336 000</b>	<b>37.26%</b>	<b>189 771 928</b>
COJ - Subsidies received	658 636 000	509 336 000	24.18%	123 171 528
Cleaning services recoveries	66 600 400	-		66 600 400
<b>Other income</b>				
	<b>247 075</b>	<b>878 987</b>	<b>-71.89%</b>	<b>-631 912</b>
Donations received	-	183 335	100.00%	-183 335
Interest received	247 075	695 652	-64.48%	-448 577
<b>Total Revenue</b>				
	<b>812 233 213</b>	<b>629 617 929</b>	<b>24.85%</b>	<b>156 486 812</b>
<b>Expenditure</b>				
Employee related costs	383 250 145	278 131 608	37.79%	105 118 537
Depreciation and amortisation	11 341 980	8 828 561	28.47%	2 513 419
General expenses	147 506 319	86 743 974	70.05%	60 762 345
Interest and finance costs	18 175 219	31 321 849	-41.97%	-13 146 630
Debt impairment	23 652 834	-	100.00%	23 652 834
Lease rentals on operating leases	131 059 179	113 816 970	15.15%	17 242 209
Loss on disposal of fixed assets	5 303	552 589	-99.04%	-547 286
Repairs and maintenance	59 839 907	41 330 364	44.78%	18 509 543
<b>Total expenditure</b>				
	<b>774 830 886</b>	<b>560 725 915</b>	<b>38.18%</b>	<b>214 104 971</b>
<b>(Deficit)/surplus before taxation</b>				
	<b>37 402 327</b>	<b>68 892 014</b>	<b>-45.71%</b>	<b>-31 489 687</b>
<b>Taxation</b>	<b>-17 972 304</b>	<b>29 863 635</b>	<b>160.18%</b>	<b>-47 835 939</b>
<b>(Deficit)/surplus for the year</b>	<b>19 430 023</b>	<b>98 755 649</b>	<b>-80.33%</b>	<b>-79 325 626</b>

TABLE 80: STATEMENT OF FINANCIAL POSITION: REVENUE

## Notes to the Statement of Financial Performance

1. Commissions from the Portfolio declined in the fourth quarter as rental relief was provided to tenants occupying COJ properties. The result of the rental relief is lower commission receivable in JPC.
2. Per the adjustment budget, JPC recovers the salary costs of insourced cleaners through internal recoveries from COJ departments at corporate buildings. The disclosure represents the total salary costs billed out from the inception of insourcing from September 2019.
3. Facilitation fees for inner city rejuvenation and developments could not be adjudicated and awarded by financial year end due to the impact of COVID-19 on the operations of JPC as well as the finances of developers.
4. The subsidy was increased through the emergency COVID-19 adjustment budget for security costs and for sanitation and deep cleaning expenses.
5. The budget and expenditure for insourced cleaning was allocated to JPC during the initial midterm budget review; this has resulted in a significant increase in year-on-year expenditure.
6. Year-on-year general expenses is higher than 2019 as security costs of R48 million previously accounted for in JMPD have been allocated to JPC. All other expenditure have increased gradually and in line with expected CPI escalation.
7. Interest costs on the overdraft have decreased year-on-year due to constant improvements in the sweeping account balance, as well as decreases in interest rates for the last 4 months of the financial year.
8. The impairment of facilitation fees related to the 2019 financial year.
9. Lease rentals continue to increase at their respective annual escalation rate and from leases being renewed at current market values.
10. A deferred tax expense has been accounted for in the 2020 financial year. Taxable profits for 2020 have been offset against the deferred tax asset for accumulated losses. As a result JPC is not liable for any current tax in the 2020 financial year.

## Section 3: Cash Flow Statement

	30-Jun-20	30-Jun-19
<b>Cash flows from operating activities</b>		
Rendering of services	-87 454 983	261 191 158
Subsidies	658 636 000	509 336 000
Interest Income	74 073	-
	<b>571 255 090</b>	<b>770 527 158</b>
<b>Payments</b>		
Employee costs	-382 704 185	-278 130 802
Suppliers	-190 861 746	-314 082 188
Finance costs	-18 175 219	-31 321 561
Taxation receivable	-	6 271 594
	<b>-591 741 150</b>	<b>-617 262 957</b>
<b>Net cash flows from operating activities</b>	<b>-20 486 060</b>	<b>153 264 201</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	-944 776	-1 682 756
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-35 036	-325 289
<b>Net cash flows from investing activities</b>	<b>-979 812</b>	<b>-2 008 045</b>
<b>Cash flows from financing activities</b>		
Net movement of shareholders loan	28 866 827	-144 722 868
Finance lease payments	-7 400 955	-6 533 288
<b>Net cash flows from financing activities</b>	<b>21 465 872</b>	<b>-151 256 156</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 01 July 2019</b>	<b>2 000</b>	<b>2 000</b>
<b>Cash and cash equivalents at 30 June 2020</b>	<b>2 000</b>	<b>2 000</b>

TABLE 81: CASH FLOW STATEMENT

**Section 4: Capital Projects & Expenditure**

JSIP No	Details	Budget 2019 / 2020	YTD Actuals	%
2669	Computer Equipment - New Computer Upgrades	1 000 000	979 808	98%
4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	11 000 000	10 046 546	91%
2290	FMMU - Public Conveniences New Public toilets JOHANNESBURG	5 000 000	5 000 000	100%
6358	Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	25 000 000	21 784 521	87%
4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	25 000 000	25 000 000	100%
2284	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	10 000 000	6 024 885	60%
2507	Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	30 000 000	-	0%
2632	Upgrading of the Hillbrow Public Transport Facility and taxi rank upgrade JOHANNESBURG F Ward	-	1 080 000	100%
4180	Watt Street Inter-change New Housing Development WYNBERG E Regional	2 000 000	2 000 000	100%
23427	Secure taxi and informal trading facilities in response to Covid-19	50 000 000	-	0%
		<b>159 000 000.00</b>	<b>71 915 761</b>	<b>45%</b>

**TABLE 82: CAPITAL PROJECTS & EXPENDITURE**

## Section 5: Ratio Analysis

### Surplus (Deficit)

The net surplus as at 30 June 2020 is at R19 403 023 and was at a profit of R98 755 649 compared to restated figures for the period ended 30 June 2019. Major contributors to the surplus are as follows:

- JPC prepares a breakeven budget; estimated income is matched with estimated expenditures. Majority of JPC's expenses are fixed with the exception of repairs and maintenance; however, expenditure is managed to ensure that overspending does not occur.
- The subsidy that JPC received compensated for costs related to deep cleaning and sanitation, and security expenses.
- Facilitation fees of R23.6 million from 2019 were impaired as a result of developers not being able to meet the necessary stage of completion required to pay the facilitation fee.
- A deferred tax expense arising on the utilisation of losses from previous years as well as the rise in temporary differences for the accounting of the provision for debt impairment.

JPC has recently discussed the turnaround strategy targeting matters affecting the solvency of the entity. The fruits of the strategy are already visible in 2019/20 and will continue to flourish in 2020/21.

### Solvency Ratio

The City's solvency ratio benchmark is 2:1, which is higher than the generally accepted norm of 1:1. JPC's ratio is 1:1, which indicates that the entity is solvent, as the current assets exceed liabilities by R13.1million. The accumulated surplus increased significantly across the 2019 and 2020 financial years as compared to previous financial years, improving the solvency of JPC in 2020.

JPC will be approaching the City to seek a surety letter regarding the going concern. JPC is commercially solvent and able pay creditors as they fall due. The implementation of the business plan and strategy will result in the improvement of the solvency of JPC in 2021.

### Liquidity Ratio

JPC has a current ratio of 0.93:1 as compared to the City's norm of 1:1. The main contributors to this adverse ratio are the loan accounts with the shareholder, the sweeping account with Group Treasury being the most notable. This position is expected to improve as the profitability of JPC improves in 2020/21.

### Cost Covering Ratio

Due to the negative cash flow of JPC, the cost coverage ratio is negative 3.17:1 due to the overdraft of the sweeping account. However, the ratio is not a true reflection of JPC's operational expenditure as R&M related to expenses by CoJ that are paid for by JPC and offset against internal recoveries revenue.



Compared year-on-year the ratio has improved from 5.95 to 3.17, indicating that less of the overdraft is being utilised to finance the operations of JPC.

#### Debtors Collection Period

JPC has debtors' collection ratio of 45 days for third-part/external debtors. Collection of third party debtors have declined due to the timing difference for the receipt of cell mast income and facilitation fees across the financial year-end. The debtors' collection ratio for related party debtors is 187 days. The improvement in the intercompany debtors' collection ratio is due to the influx of receipts for historic debt prior to the closure of the financial year-end.

The repairs and maintenance budget which resulted in the related party balance to escalate to over half a billion has been returned to the City entities and departments. JPC will now only work with entities that pay timeously. Due diligence will be done prior to executing work for departments.

#### Creditors Payment Cycle

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

### Section 6: Supply Chain Management & BBBEE

An SCM policy regulates JPC's Supply Chain Management (SCM) for goods and services that governs all SCM Practices. The approval of the policy by the board is subject to periodic review, every two year or more frequently if required to ensure that it remains relevant to changes and 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 the 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

On 15 March 2020, the president of South Africa Cyril Ramaphosa announced the declaration of the national state of disaster following the world Health Organisation declaring a COVID-19 as a pandemic as well as measures that must be implemented by the

nation. The Department of public service and administration issued Circular 7 of 2020 that gives guidelines for the containment and management of the Corona Virus in the public service. Paragraph 2.6.19 of the said reads as follows:

- It was incumbent on departments to procure sufficient hand sanitizers, soap, gloves, masks, tissues and when possible temperature scanners for the use to monitor employee's possible exposure in terms of the COVID-19 symptoms.
- In light of the current Pandemic and the high risk of possible infections in the JPC (City of Joburg Property Company SOC Ltd (JPC) offices, Depos, Public Transport facilities and Markets, there was Urgent need procure protective items (gloves, masks and sanitizers). The protective items were procured due to the urgent need to contain the COVID-19 virus and to prevent the spread thereof amongst the JPC employees stationed in offices, Depos, Public Transport facilities and Markets. The disease is spreading rapidly and people are being infected worldwide everyday hence the need for the supply

and delivery of the protective items (masks, gloves and sanitizers).

- The procurement falls under the ambit of paragraph 3.5.1, 2.6 and 3.6.1 of MFMA circular 100 (emergency procurement in response to covid-19 pandemic. The total expenditure incurred for the procurement of these Item was R1 909 150.00.
- Further to the Procurement of PPE's there was an Urgent need for the deep cleaning and sanitization of the Metro Centre, Public Transport and facilities and the Markets. The expenditure in this regard was R19 883 034.

The other deviations have remained with those disclosed in the 2017/18 financial year and consist primarily of office accommodation.

#### Payment within 30 days

JPC currently pays service providers and creditors within 30 days as defined by the MFMA. This compliance with 30 days is one of the reasons why JPC has an overdraft, as the City departments do not settle their intercompany debts within 30 days.

#### BBBEE

	Q1	Q2	Q3	Q4
<b>BBBEE as % of OPEX</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>
<b>BBBEE as % of CAPEX</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

TABLE 83: BBBEE YTD FIGURES



## Section 7: Fruitless & Wasteful Expenditure

IRREGULAR EXPENDITURE	FRUITLESS AND WASTEFUL EXPENDITURE	ESTIMATED AMOUNT	CATEGORY	DISCIPLINARY ACTION	CRIMINAL CHARGE	OTHER
Yes	None	R11 436 050	Fleet Services	None	N/A	N/A
Yes	None	R2 308 916	Panel of professionals	None	N/A	N/A
None	Yes	R2 688 154	VAT	None	N/A	N/A
None	Yes	R24 362 085	Rental	None	N/A	N/A

**TABLE 84: FRUITLESS & WASTEFUL EXPENDITURE**

During the 2018/19 financial year, JPC has incurred R7 114 868 in irregular expenditure on fleet services from AVIS. This is currently under review by the COJ, as per the audit finding incurred during the 2018 annual financial year audit. A new service provider has been appointed by the COJ, however, that contract has also been declared irregular along with AVIS being extended until further notice from the COJ. During the 2019/20 financial year, JPC has incurred a further R11 436 050 in irregular expenditure for the continuation of the fleet service contract from the COJ.

The JPC issued a tender for a panel of professionals under POP 03/2018. The tender was issued to the public through a competitive bidding process. The JPC Bid Adjudication Committee awarded the tender after having followed due process. The Auditor General declared the panel irregular stating that the Bid Evaluation Committee members were not fair in allocating their scores. The JPC has since

withdrawn the panel under POP 03/2018 and bidders were informed of the withdrawal.

During the financial year SARS conducted a VAT audit for the 2015 and 2017 financial years. SARS re-assessed VAT submissions for the period March, April, May and June 2015 periods as well as December 2017 and raised penalties and interest based on their reassessment amounting to R2 689 339. The penalties and interest arose from the transfer of rental contracts to JPC from the COJ during the integration in 2013/14.

The contracts are authorised and contracted for on behalf of the COJ but are budgeted for and paid by the JPC. SARS refused to acknowledge the relationship between JPC and the COJ and treats both entities as separate entities as opposed to holding and subsidiary companies. Input VAT deductions for rental invoices have been disallowed as a result of the reassessment. Rain Chartered Accountants, JPC's tax consultants, submitted objections to

SARS on this matter and both objections were declined.

During the 2019 financial year audit the Audit General of South Africa (AGSA) found that five of the six floors in Forum 1 were unutilised, with only Group Governance in occupation of the 6th floor. The AGSA considered rental and parking less the recovery for rental from Group Governance to conclude on an amount that should be declared and disclosed by JPC as fruitless and wasteful expenditure for the unutilised floor space for the 2019 financial year. Using a similar assumption for the calculation of fruitless and wasteful expenditure, JPC has incurred R24 362 095 for the YTD.

### ***Section 8: Pending Litigations & Possible Liabilities***

JPC does not have any pending litigations or possible liabilities against third parties. There were no contingent liabilities as at the end of financial year.

### ***Section 9: Insurance Claims Against JPC***

There are no insurance claims against JPC.

### ***Section 10: Statement of Account Owed to Government Departments & Public Entities***

JPC does not have amounts owed to any government departments and public entities.



## *Chapter 6: Internal & External Audit*



### Section 1: Results of Internal Audits

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 operational risks of the entity.

ARC approved the annual plan during the meeting held on 20 January 2020. JPC successfully established a panel of 15 service providers to assist the General Manager: Internal Audit, execute the full internal audit plan.

### Progress made on the Annual Plan

















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

TABLE 85: RATING TABLE

The table below confirms the review and progress as per the Audit and Risk Committee approved coverage Audit plan for the 2019/20 financial year:

TABLE 86: REVIEW AND PROGRESS

Internal Audit Plan Ref No	Audit Description	Status	Comments	Conclusion on Control Environment
1.	Audit of Pre-determined Objectives Quarter (1, 2,3 & 4)	Completed	Preventative or detective controls are in place	
2.	Contract Management	Completed	Preventative or detective controls are in place	
3.	Capital budget spend / commitments	Completed	Preventative or detective controls are in place	
4.	Service Level Standards	In Progress	Audit to be executed in quarter one of 2021 Financial Year Audit to be executed in quarter one of 2021	
5.	Annual Financial statement review	In Progress	Preventative or detective controls are in place	
6.	Use of panel	Completed	Preventative or detective controls are in place	
7.	Supply Chain Management	Completed	Preventative or detective controls are in place	
8.	Anti-Fraud & corruption	In progress	Preventative or detective controls are in placeexecuted in quarter one of 2021	
9.	Related parties Transactions	Completed	Audit to be executed in quarter one of 2021 Financial Year Audit to be executed in quarter one of 2021	
10.	Strategic Human Resources	Completed	Preventative or detective controls are in place	
11.	Human Resource Management	Completed	Preventative or detective controls are in place	
12.	Revenue Management	Completed	Preventative or detective controls are in place	

Internal Audit Plan Ref No	Audit Description	Status	Comments	Conclusion on Control Environment
13.	Compliance	Completed	Audit to be executed in quarter one of 2021 Financial Year Audit to be executed in quarter one of 2021	😊
14.	Stakeholder Management	Completed	Preventative or detective controls are in place	😊
15.	Information Technology	Completed	Preventative or detective controls are in place	😊
16.	OHASA Audit	Completed	Audit to be executed in quarter one of 2021 Financial Year Audit to be executed in quarter one of 2021	😊

### Probity Audits

In addition to the planned audits, internal audit conducted probity audits on twenty four (24) bids above the value of R5 million prior to awarding of the tender in the 2019/20 financial year. These twenty four (24) bids constitute a 100% of bids above R5million received by internal audit for review in 1st July 2019 to 30th June 2020.

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

#### Annual Audit Plan

On a quarterly basis, Internal Audit also conducts a follow-up on the implementation of External and Internal audit recommendations. These reports are presented to the Audit and Risk Committee (ARC) who monitors the progress made by management on the implementation of recommendations and action plans.

### Section 3: Progress on the resolution of external findings

The Auditor General of South Africa (AGSA) finalised the 2018/19 audit and issued their audit and management report letter on 30 November 2019. 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 2019 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 three 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 three non-compliance issues identified by AGSA were as follows:

- Material Misstatement in the annual financial statement, which arose from the calculation error on straight lining of operating leases. The issue was resolved prior to finalising of the audit, hence the conclusion on fair presentation as stated above. AGSA audit report issued to JPC indicates a “clean audit” for a third consecutive time.
- Consequence management finding relating to steps not taken to investigate allegations made in a timely manner. This relating to investigations done by Group Forensic Investigation Services (GFIS). National Treasury indicated that there must be an allegation against an employee first, before MFMA section 172(3) is triggered. National Treasury further indicated that there will be a non-compliance with this section until a disciplinary board is formed to investigate financial misconduct.
- Non-compliance with SCM, as one service provider was erroneously not included in the panel. The panel that was rendered irregular by AGSA has been terminated and new panels created.

The dashboard for unresolved external audit findings is as follows:

Category	Total as at Nov 2019	Resolved As at June 2020		Unresolved	
		#	%	#	%
<b>Matters affecting the auditor's report</b>	5	4	80%	1	20%
<b>Other Important matters</b>	34	32	94%	2	6%
<b>Administrative matters</b>	1	1	100%	0	0%
<b>Total</b>	40	37	92%	3	8%

**TABLE 88: UNRESOLVED EXTERNAL AUDIT FINDINGS**

Financial year	Total findings	Repeat Findings	Resolved	In progress	Unresolved
2015/16	0	0		0	
2016/17	0	0		0	
2017/18	10	0	9	0	1
<b>2018/19</b>	10	0	9	0	1
<b>Total number as at 30 June 2020</b>	<b>40</b>	<b>0</b>	<b>37</b>	<b>0</b>	<b>3</b>
Percentage			92%		8%

TABLE 89: PREVIOUS YEARS FINDINGS

JPC has achieved the constant audit outcome for past four financial years being an Unqualified Audit Opinion.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/20
<b>Audit Opinion</b>	Unqualified	Unqualified	Unqualified	Unqualified with findings	Pending

TABLE 90: PREVIOUS YEARS AUDIT OUTCOMES

#### Section 4: State of the internal controls

The internal controls systems as designed by management are effectively implemented to provide reasonable assurance that the objectives and goals may be achieved. The internal control deficiencies noted by AGSA are being addressed as reflected in the dashboard above.



## Appendices