



a world class African city



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

Registration No: 2000/017147/07

2013/14 Annual Report

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

CITY OF JOBURG PROPERTY (SOC) LIMITED

COMPANY INFORMATION:

Registration number:	2000/017147/07
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Telephone number:	+27 010 219 9000
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Website:	<u>www.jhbproperty.co.za</u>
Bankers:	Standard Bank South Africa
Auditors:	Auditor-General South Africa

Vision

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

Mission

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

ACRONYMS AND ABBREVIATIONS

TERM	DETAIL
ATR	Annual Training Report
CBO	Community Based Organisation
AFS	Annual Financial Statements
CoJ	City of Johannesburg
CAPEX	Capital Expenditure
FMMU	Facilities Management and Maintenance Unit
JMPD	Johannesburg Metro Police Department
GDS	Growth and Development Strategy
GIS	Geographic Information System
GIAMA	The Government Immovable Asset Management Act
IDP	Integrated Development Plan
JRA	Joburg Roads Agency
JPC	City of Joburg Property Company (SOC) Ltd
JoshCo	Joburg Social Housing Company
MFMA	Municipal Finance Management Act
MOE	Municipal Owned Entity
NGO	Non-Government Organisation
LIS	Land Information System
OPEX	Operational Expenditure
PIMS	Property Information Management System
POWA	People Opposing Women Abuse
RFP	Request for Proposal
SAPOA	South African Property Owners Association
SMME	Small Medium and Micro Enterprise
WSP	Workplace Skills Plan
OPCAR	Operation Clean Audit Register

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CHAPTER ONE: CORPORATE PROFILE AND OVERVIEW



Section 1: Corporate Profile / Overview of the entity

JPC was established in 2000 as a private company and was wholly owned by the City of Johannesburg. JPC was converted into a “state owned company” following the implementation of the Companies Act of South Africa, 2008 (Act No. 71 Of 2008). Consequently, JPC must comply with the legislative framework and reporting requirements applicable to any company in South Africa. This includes, but is not limited to, the Companies Act. As an independent municipal entity, JPC is also subject to the Municipal Finance Management Act, Act 56 of 2003 (MFMA).

JPC subscribes to high ethical standards and principles of corporate governance and is in the process of ensuring full compliance with King III, published in 2010, and with the provisions of the new Companies Act. For more details and an overview of the company governance structure, please see Chapter 2 of this report.

JPC is currently engaging with the City of Johannesburg as the shareholder through the SDA which details the JPC mandate as to carry out:

- Property Development;
- Property Management;
- Facilities Management which includes Informal trading and Public Transport;
- Asset Management; and
- All ancillary services related to the above.

Section 2: Strategic Objectives

JPC’s primary goal in supporting the 2040 GDS vision and mission is based on recognising and emphasising its role as an economic and social property agency to achieve positive developmental outcomes. These strategic objectives are aligned to the strategies of the Economic Growth, Human and Social Development, Sustainable Services and Governance clusters, as well as various IDP programmes.

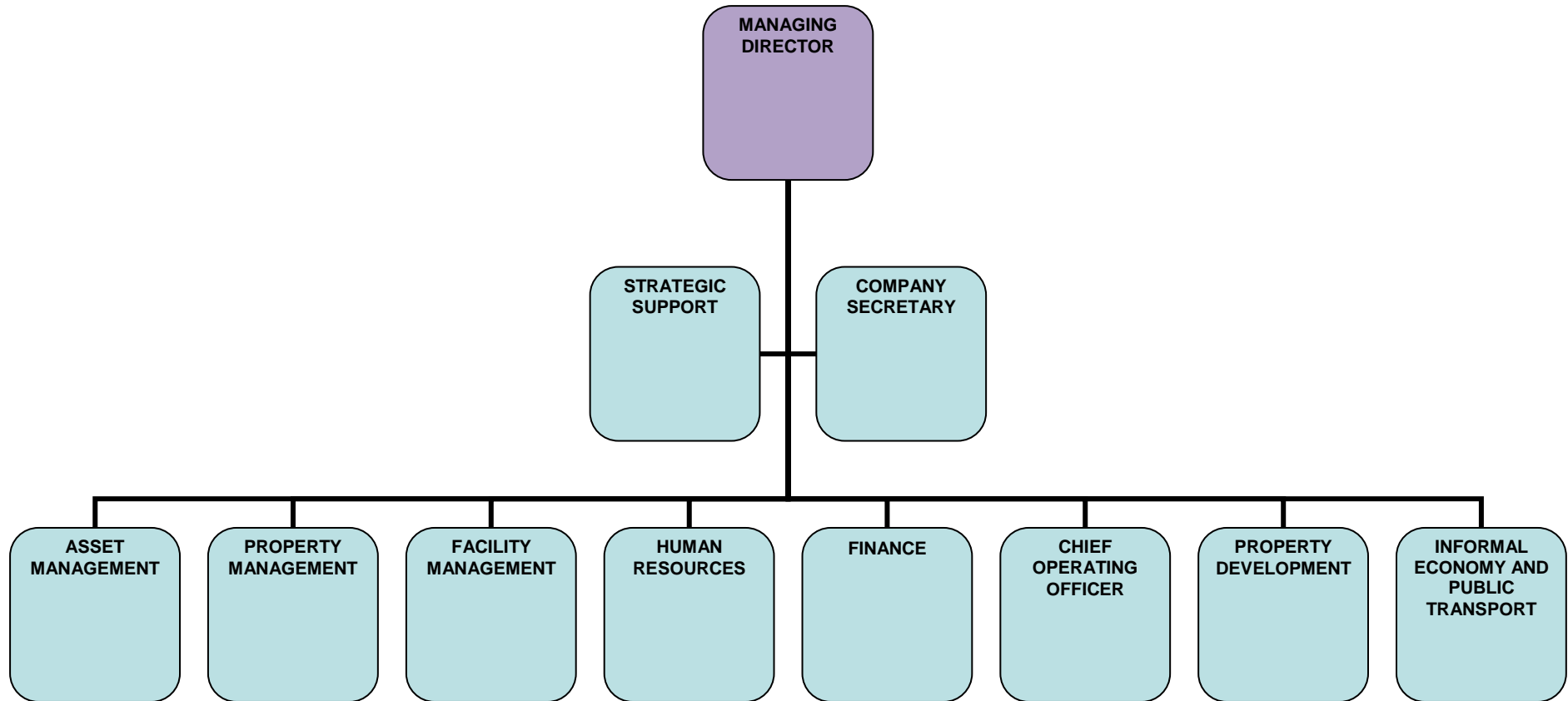
In synchronising the various strategic objectives, JPC identified the following strategic objectives:

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



Section 3: High Level Organisational structure

Note: The high level structure above is currently being reviewed to support the JPC corporate strategy post integration. The process is currently underway and will be finalised in the first quarter of the 2014/2015 fiscal year.



Section 5: Foreword by Member of the Mayoral Committee



Councillor Ruby Mathang
MMC Economic Development

Few items on the South African agenda have the ability to attract as much controversy as the issue of land – and rightly so. For the past decade, Government has been addressing the issue of land access and ownership with the purpose of redressing inequalities in land tenure, stimulating economic growth and paving the way for the creation of wealth amongst those who did not previously have access to such opportunities.

JPC is a critical economic development and transformation tool for COJ and the importance and impact of all decisions taken cannot be emphasised enough. During my tenure as MMC Economic Development, of critical importance has been the bureaucratic processes, which result in lengthy timelines for each transaction to be finalised. Property is a catalytic tool to enhance social cohesion, proactive absorption of the poor and is the main driver of transformation. Property is about unbundling land (whether in bundles or small portions) in a strategic manner to enable the development of the economy.

The current spatial development of Joburg benefits a small portion of the community - mainly the transporters. It is imperative that there is land availed timeously to individuals, entrepreneurs and indeed organised business to drive transformation, and each step, however miniscule, has an impact on the lives of the under privileged.

JPC plays an important role in the Integrated Development Plan (IDP) and the Growth & Development Strategy (GDS2040) of the City to unlock land and drive development, especially in under developed and previously marginalised areas. Shopping malls and all associated goods and services must be within easy reach of consumers and will lead to less pressure on inflation and a better quality of life for all. JPC has embraced this challenge and started slow but steady steps to ensure that it becomes an efficient manager of the property assets of the City of Johannesburg. This approach ensures a focused organisation that will deal holistically with all properties owned and managed by the City.

Whilst we are mindful of the complex challenges, it is our total commitment to service delivery and a spirit of determination that has resulted in the improved provision of service and the awarding of numerous awards for the Soweto Theatre.



In conclusion, I wish to recognise the efforts and commitment of JPC's Board and staff. Your efforts have brought us closer to the delivery of a good, reliable and quality service to the communities, ratepayers, residents and businesses of the City of Johannesburg.

Councillor Ruby Mathang
MMC Economic Development

Section 6: Chairperson's Review



The purpose of the JPC Board of Director's Report is to provide the shareholder with an assessment of the company's state of affairs, business and results of the 2013/14 financial year. The report goes on to describe how the company was governed and managed to ensure that its resources are applied economically, effectively and efficiently in discharging its mandate.

A full disclosure of the achievements and highlights experienced by the company is provided with a view to provide the shareholder and related stakeholders with the assurance that their interests are being protected by the Board of Directors and Management.

JPC's overall financial performance is disclosed in the financial performance and the full set of the annual financial statements attached as Annexure A of the report. The 2013/14 financial results show continued efforts by JPC to meet the expectations of the shareholder as reflected in the service delivery objectives.

Internal controls remained a focal area for the audit and risk management committee. In support of the efforts of the audit committee management initiated project clean audit which introduced measures which would be used to ensure that the company obtains a clean audit.

The Board is responsible for the company's risk management and the company has a formal risk management process in place which it follows in reviewing its risk registers. Risk Management is entrenched in the company's monitoring of performance against the score card and this ensures that risks are timeously identified and mitigated.

JPC's operational, social, financial, economic and environmental impact is discussed in detail in the sustainability report.

The strategic priorities of the shareholder, as always, drive our strategic plans and significant attention is given to ensure that these priorities are implemented in the form of measurable deliverables. Attention is always placed on outcomes based objectives which ultimately lead to the achievement of the strategy which must be strictly aligned to the COJ priorities and GDS 2040. The strategic priorities of the COJ drive our tactical plans.

Significant attention is paid to ensuring that these priorities are implemented in the form of measurable deliverables aligned to the strategy.

JPC focused its' attention on improving initiatives with regards to transformation, quality of service, land regularisation, job creation and procurement from BEE compliant suppliers. The company's transformation Committee was established for purposes of ensuring that the COJ's transformation agenda is adequately addressed. The Board approved the transformation strategy in the period under review, the primary focus of the strategy is the alleviation of barriers to entry into the property market by previously disadvantaged communities and emphasis is placed on women, youth and the disabled. This is aligned to the corporate strategy which advocates transformation through property.

The Board and Management remain committed to continuous improvement in attaining strong financial and operational results, and contributing to the vision of a world-class African City. We gratefully acknowledge the continuing support of the COJ in assisting the company to achieve its deliverables.

It has been a privilege for me to have led the company through challenging but rewarding years. JPC has continued to improve its' operational performance.

It remains for me to thank my fellow Board Members both past and present, Management and the staff of JPC for their tireless and enthusiastic service to the company during the 2013/14 financial year and trust that they will continue in improving the lives of all South Africans through the efficient and effective management of the land and physical assets.

Finally, I wish to thank MMC Ruby Mathang, the citizens of Greater Johannesburg, CoJ Stakeholders and the Chairpersons of the sub-committees for their diligent and positive contribution in making this an effective Board. The Board and Management are committed to ensuring the highest standards of corporate governance and transparent compliance to legislation while delivering a sustainable and reliable service to improve the quality of life of the citizens of the City of Johannesburg.

On behalf of the JPC Board of Directors, I take pleasure in submitting the JPC Annual Report for the financial year 2013/14.

Mr Andile Mabizela
Chairperson
Board of Directors

Section 7: Managing Director's Review



Helen Botes

Managing Director

The JPC 2040 Transformation through property corporate strategy (JPC Corporate Strategy) was approved by the Board of Directors during the period under review. The comprehensive and visionary JPC corporate strategy provides a way for the City of Johannesburg to begin to use its property portfolio strategically to support its long term growth and development strategy (GDS 2040). Subsequent to the Board approval of the JPC corporate strategy, JPC management, Board and MMC spent adequate time on reviewing and aligning the approved Business Plan and Scorecard to the strategy to enable the entity to deliver as per the key principles of the Corporate Strategy and thereby ensuring that JPC continues to contribute to the social agenda of Council.

Consultation with organised labour reached advance stages on the harmonisation of Conditions of Service and Human Resources Policies. Labour relations have stabilised at JPC since integration. A continuing priority focus will be to conclude the Service Delivery Model (SDM) and the Organisational Design that will support the Corporate Strategy. The Board approved the Service Delivery Agreement (SDA) and submitted to Council for approval.

The Board approved the JPC Transformation Strategy to address the transformation challenges that impact new entrants into in the property market. The Strategy places particular emphasis on the empowerment of women youth and disabled people and looks at ways to alleviate barriers to entry for the identified beneficiaries.

During this first half of the current financial year, Mayoral Committee resolved that the Office Space Optimisation strategy (OSO) be approved in principle. The OSO project will resolve the office space challenges of the City of Johannesburg Municipality as a whole. This has become the flagship project of the City and JPC is championing the delivery of this exciting project.

During this period under review, JPC has reviewed the queries resolution process in an attempt to improve customer satisfaction and turnaround times to resolve queries received. The Fixed Asset Register reconciliation and clean-up process has played a huge role in ensuring that JPC attends to the property queries speedily. JPC



as a client centric organisation will continue to look at streamlining processes to ensure efficient and effective delivery of its mandate.

Management has continuously managed both the strategic and operational risks of the entity to ensure that the company objectives are met. The entity resolved all findings raised by the Auditor General during the 2012/2013 fiscal year.

The internal audit function is pivotal in performing and coordinating the assurance activities throughout the company over controls implemented to mitigate identified risks. The function has indicated that there are adequate controls implemented by management to address the associated risks.

The company performance is at 83% against the scorecard compared to 76% in the prior financial year. JPC created over 6400 jobs during the financial year under review. Such performance has set the tone for the drive towards achieving the longer term programmes of the entity.

Like any other entity, JPC has faced challenges in the fiscal year under review. Post the integration process, JPC financials are a reflection of the monies still owed by the shareholder and not as a result of reckless trading. During the period under review, Alexandra Multi-Purpose Community Centre was partly burnt down during the 2014 National Elections community protest. JPC unfortunately has seen another one of their buildings (Iphintombi) partly destroyed due to a gas explosion in Midrand. Orlando Ekhaya power station collapsed due to the theft of steel which compromised the structure of the building.

The JPC has become a strong, robust and resilient organisation that is operated in accordance with best practices even though there are some challenges of which some are highlighted above. Its many sterling achievements are indeed a direct result of a highly talented, committed and dedicated staff, managers and executives, who are admirably led by a Board of Directors comprising some of the best minds in the industry.

Helen Botes
Managing Director

Section 8: Financial Director's Review



The JPC SOC Ltd in the financial year 2013/2014 faced many challenges. These challenges were mainly due to the institutional review which allowed for MTC and FMMU to be incorporated into JPC. The JPC has seamlessly integrated them into one and has improved both the turnover and internal controls to be in line with the high standards of JPC.

This integration has yielded a gross profit of R378 170 220 compared to a budget turnover of R423 152 000. This is an 89% achievement towards the budgeted income. The main reasons for revenue under recovery resulted from commission earned on the rental collection of which income expected from servitudes and land sales did not materialise due to transactions lodged at deeds could not be finalised before year end. Also income anticipated from facilitating the third party development, did not materialise as projects that were earmarked for development did not commence as the developer could not secure funding.

The overall total operating expenditure yielded a saving of 6.6% against a budget of R419 512 000 which was mainly attributable to cost cutting measures implemented by management. Capital expenditure spent for the year under review is 100% against the allocated budget.

JPC has liquidity ratio of 1.16:1 as compared to the norm of 2:1, with negative cash balance of R207 742 065 for the year under review as compared to a positive cash balance of R3 710 927 for the same period in the 2012/13 financial year. JPC is currently owed R403 613 629 from intercompany debtors. R388 815 388 relates to the recovery of FMMU expenditure, R 322 127 from JRA Portfolio, R8 454 712 from COJ Portfolio, R11 143 948 from BRT and R148 237 from the Department of Economic Development. Collection of outstanding monies from intercompanies will position JPC in a cash surplus of R194 871 564.

JPC has a solvency ratio of 29% against the accepted industry norm of 20% taking into account all liabilities including intercompany balances. JPC has made a loss after tax of R13 621 846, this is due to the resolution of the City's Core Accounting department to reverse all internal recoveries, charged by JPC to the various departments/tenants, and bill only the expenditure actually incurred by FMMU.

Imraan Bhamjee
Financial Director

Section 9: Statement of Responsibility

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

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

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

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

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

The Directors have reviewed the company's cash flow forecast for the year to 30 June 2015 and, in light of this review and the current financial position, they are satisfied that the company has or will have access to adequate resources to continue in operational existence for the foreseeable future. The financial statements are prepared on the basis that the company is a going concern.



Although the Board of Directors are primarily responsible for the financial affairs of the company they are supported by the company's external auditors, who are responsible for independently reviewing and reporting on the company's financial statements.

The financial statements set out, which have been prepared on the going concern basis, will be approved by the Board of Directors in November 2014.

Helen Botes
Managing Director

Andile Mabizela
Chairperson

Section 1: Corporate Governance Statement

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

All of the directors bring to the Board a wide range of expertise as well as significant financial, commercial and technical experience and, in the case of the non-executive directors, independent perspectives and judgment. The Board is responsible for setting 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 on the basis of agreed performance criteria and defined written delegations to management for the detailed planning and implementation of such objectives and policies.

The Board retains full and effective control over JPC, meeting quarterly with additional ad hoc meetings when necessary, to review strategy and planning, as well as operational and financial performance. The Board authorises major capital expenditure, stakeholder communication and other material matters reserved for its consideration and decision. The Board also approves the annual budgets for the various operational units.

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

While the Executive Directors are involved with the day-to-day management of the JPC, the non-executive directors are not, nor are they employees of the JPC. The directors have a responsibility to become acquainted with all of their duties, as well as with the issues pertaining to the operations and business of the JPC. The Board operates in a field which is technically complex and the directors are continually exposed to information which enables them to fulfil their duties. New board members were inducted by JPC on 14-15 May 2014.

CODE OF ETHICS

The City has requested compliance by all the MOEs in adopting a Code of Ethics specific to each entity, which will direct the manner in which employees; directors and independent audit committee members execute their duties.

The Code of Conduct for Municipal Staff Members as stipulated in Schedule 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and the Code of Conduct for Councillors are respectively applicable to all employees and directors of the JPC as a MOE of the City. The JPC implemented a Code of Ethics during the 2010/11 financial year to ensure that the company conducted its business relationship with its clients and customers in an ethical manner, and was designated according to national and international accepted standards of ethical behaviour.

The issue of confidentiality and disciplinary measures and processes were addressed in the JPC's employment contractual terms and conditions. All disciplinary processes were in accordance with the company's approved

Human Resources Policies. Substantive and procedural fairness were exercised in all cases where offences occurred.

The JPC recently appointed an Ethics Officer with a view of entrenching an ethics management plan in order to support and demonstrate JPC's commitment towards conducting business ethically. JPC is a member of the Ethics Institute and adheres to high standards of ethical conduct.

CONFLICT OF INTEREST

The JPC Board Charter is one of the corner stones of the Board's roles and responsibilities and members are required to declare any interest that they might have in the business of the JPC. The Board members are required to sign a "Declaration of Interest" form on an annual basis; these forms are updated as when necessary during the course of the year. They also sign a register in every sitting of the Board or any of its committees. This provision is in line with section 75 of the Companies Act which refers to Director's Personal financial interests.

Management, Independent Audit Committee Members and employees are also required to complete declaration of interest forms. The Company subscribes to the principles contained in the King III Report on Corporate Governance for South Africa 2010 which stipulates that each Director and other people representing the Company (i.e. management, employees and independent committee members) have a duty to act in the best interest of the Company.

In the current financial year there were no conflicts of interest declared.

ADHERENCE TO GOVERNANCE PROCEDURE

For the year under review, the JPC adhered to the Code of Governance Principles as set out in the King III Report on Corporate Governance for South Africa 2010. The Board of Directors discusses the responsibilities of management respect at Board meetings, and monitors the company's compliance with the Code on an annual basis.

The Board of Directors and management recognise and are committed to the principles of openness, integrity and accountability advocated by the Code. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk management parameters in compliance with generally accepted corporate practices. Part of the mandate of the Audit and Risk Committee is the monitoring of the entity's compliance with relevant legislation and the Code. The entity endeavours to be fully compliant at all times.

REGULATORY ISSUES

JPC is governed primarily by the Municipal Systems Act (as amended) and Municipal Finance Management Act No 56 of 2003 (MFMA) and its various regulations. The primary objective of the Act is to ensure sound and sustainable management of the Council and its various entities.

JPC is also bound by the Companies Act, No 71 of 2008 and management is not aware of any non-compliance therewith.

The company was well managed during the period under review; there was no breach of governance procedures.

The Company experienced one challenge which has a bearing on regulations by the City and can be explained thus: JPC incurred an overdraft of R240 million for the current financial year due to non-payment by the City for costs related to services rendered by the JPC Facilities Management Unit. Section 101(v) of the Municipal Finance Management stipulates that: *“accounting officer of a municipal entity must report, in writing, to the board of directors of the entity, at its next meeting, and to the accounting officer of the entity’s parent municipality any financial problems of the entity, including any impending or actual over draft in any bank account of the entity for a period exceeding 21 days; and any steps to rectify such financial problems.”*

Written reports were submitted to the JPC’s Audit and Risk Committee and Board of Directors as required by legislation. JPC has discharged its regulatory duty to inform the Audit and Risk Committee and the Board on issues regarding an overdraft facility which persisted for a period exceeding 21 days.

The City was continuously informed of the issues relating to the company’s overdraft and numerous engagements were held with the view to resolve the issues.

Section 2: Board of Directors

BOARD OF DIRECTORS

JPC's Annual General Meeting took place on 25 February 2014 where a new board was appointed. The table below indicates the board members as at 30 June 2014.

Helen Botes (Managing Director) – Executive Director



Skills.

Expertise and experience: Treasury and banking, money market trading, trading of financial instruments, foreign exchange, raising of the first City bonds and retail bonds for CoJ, economic development, property development and management.

Qualifications: Banking Qualification; Diploma in Treasury Management, Bond Exchange of SA: Registered Person and Trade Finance

Andile Mabizela (Chairperson) – Non-Executive Director



A lawyer with an economics background, Andile Mabizela has worked in financial services (HSBC Corporate Finance and Stanlib Asset Management). He has also been involved in commercial executive roles in logistics and transport at SAA and Afrilog South Africa, where he is a director responsible for new markets. He has served on several parastatals and corporate boards.

Qualifications: BSc (Economics) (Hons) LLB

Jabu Mabaso
Non-Executive Director



An attorney registered with the Law Society of South Africa, Jabu Mabaso is a LLB graduate from the University of Witwatersrand (Wits) who is currently the Executive Director of DSK Development Advisory Services. He is an experienced executive who has worked in various companies including Shell, ACSA, Mvelaphanda Holdings, Afric Oil and Spornet. He is a keen debater, music lover and sportsman.

Qualifications: BProc and LLB.

Professor Alfred Nevhutanda
Non-Executive Director



Professor Nevhutanda is a Professor of Environmental Sciences from the Eco Energy Academy in Azerbaijan. He has participated in various structures of both the public and private sector, including being the current chairperson of the National Lotteries Board, former Convener of the Social Transformation Committee of the Limpopo Province (ANC), and Board member of the Institute of Directors (SA) and the International Aviation Services Council of the National Department of Transport (SA).

Qualifications: Professor of Environmental Sciences, Diploma in Management, MBA , Masters of Music, Doctor of Music, Masters in Education, Doctor of Education

Mpheti Morojele
Non-Executive Director



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

Qualifications: Bachelor of Architecture and Master of Science in Architecture.

Floyd Ntombela
Non-Executive Director



Mr Floyd Ntombela is National Head Business Development and Client Liaison at NBC Holdings. Mr Ntombela is passionate and has extensive experience in the field of retirement funds. Mr Ntombela has a high level of management experience and a great appreciation of strategy development and implementation.

Qualifications: Bachelor of Arts, Certificate of Proficiency: Basics of Retirement Funds; Certificate in Insurance Business Leadership; Post Graduate Diploma in Retirement Funds Management and Insurance Assessor Training.

Moeketsi Rabodila
Non-Executive Director



Mr Moeketsi Rabodila is the former Municipal Manager of Merafong City Local Municipality as well as the former Director General of Mpumalanga Provincial Government. He has a strong executive management experience with a track record of success in both the Public and Private Sector. He is strategically oriented and has an ability to initiate, integrate and implement complex programmes for the attainment of business objectives.

Qualifications: Bachelor of Arts and an MBA.

Phumelele Msweli
Non-Executive Director



Ms Phumelele Msweli is a Real Estate Practitioner with over 15 years' experience in the Built Environment.. She has plied with her trade in both public and private sectors. She is also a registered Professional property Valuer and a Master Practitioner in Real Estate.

Qualifications: BSc (HONs) Applied Biology and Msc. Real Estate

Thomas Hickman
Non-Executive Director



Thomas Hickman is a Chartered Accountant (CA SA) and a MBA graduate of the University of Stellenbosch. He is the former Managing Director of Pep Manufacturing Pty Ltd and former Managing Director of the Colibri Group of companies. He is an experienced financial and strategic leader with a passion for turning struggling entities into successful groups.

Qualifications: CA (SA), MBA.

Imraan Bhamjee
Executive :
Finance Director



Financial management; auditing; risk; process and control mapping; management consulting; product management; relationship management.

Qualifications: BCompt – Honours; Accreditation as Registered Government Auditor (RGA); Advance Certificate in Auditing; Leadership Management; CTA.

Neren Rau
Non-Executive Director



Mr Neren Rau is the CEO of the South African Chamber of Commerce and Industry (SACCI). He is the former head of the Reserve Bank's Financial Safety Net Division in the Financial Stability Department. He also serves as an Independent Member of the Audit Committee of the Johannesburg Tourism Company and was recently appointed to the Consumer Affairs Committee by the Minister of Trade and Industry.

Qualifications: B Comm; B Comm Honours; MCOM (equivalent of an MBA).

GOVERNANCE STRUCTURES

The sections below refer to the governance structures in place.

Board of Directors – composition and information

Preceding the Annual General Meeting of 25 February 2014, the Board consisted of seven (7) Non-Executive Directors (Mr. Andile Mabizela (Chairperson), Dr Dorothy Sekhukhune, Ms Shelley Childs, Professor A. Nevhutanda, Mr. Tom Hickman, Mr. Jabu Mabaso and Mr. Neren Rau and one (1) Executive Director (Ms Helen Botes).

As of 25 February, two (2) Non-Executive Directors, Ms Shelly Childs and Dr Dorothy Sekhukhune were retired. Four (4) new Non-Executive Directors were appointed (Mr Mphethi Morojele, Mr Moeketsi Rabodila, Ms Phumelele Msweli and Mr Floyd Ntombela). The Board currently comprises of eleven (11) Directors, which is made up of nine (9) Non-Executives: Mr. Andile Mabizela (Chairperson); Professor A. Nevhutanda; Mr. Tom Hickman; Mr. Jabu Mabaso; Mr. Neren Rau; Mr. Mphethi Morojele, Mr. Moeketsi Rabodila, Ms Phumelele Msweli and Mr. Floyd Ntombela and two (2) Executive Directors Ms Helen Botes (Managing Director) and Mr. Imraan Bhamjee (Finance Director).

The Board retained full control over the company and remains accountable to the City of Johannesburg (CoJ), the sole member and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity's relationship with the CoJ. The Board provides quarterly, bi-annual and annual reports on its performance and service delivery to the CoJ as prescribed in the SDA, the MFMA and the MSA. The Board approved the revised SDA after obtaining comments from the City Legal unit and awaits the finalisation by the shareholder.

The Chairperson and the Managing director have separate roles; their responsibilities are clearly defined thus ensuring that roles are carried out in a non-conflicting manner. The Chairperson has no executive functions.

The Board is responsible for setting the direction of the JPC through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting on the basis of agreed performance criteria and defined written delegations to management for the detailed planning and implementation of such objectives and policies.

Members of the board have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices. Directors are also entitled to seek independent professional advice concerning the affairs of JPC at JPC's expense, should they believe that such a course of action would be in the best interests of JPC.

The Board of Directors has adopted the Board Charter, which encapsulates the CoJ Group Policy on shareholder governance of boards of directors of MOEs. This includes matters of ethics, procedure and the conduct of Board members. The Board and senior management ensure material compliance with relevant legislation

No.	Board	Audit and Risk	REMCO	Transactions	Transformation	Social and Ethics		
1.	23 July 2013	18 July 2013	17 October 2013	26 September 2013	04 July 2013	17 February 2014		
2.	23 August 2013	15 August 2013	07 November 2013	11 October 2013	07 August 2013	06 June 2014		
3.	26 November 2013	22 November 2013	19 February 2014	20 May 2014	24 February 2014			
4.	05 December 2013	05 December 2013	20 May 2014		26 June 2014			
5.	24 February 2014	20 February 2014	07 April 2014					
6.	17 March 2014	16 May 2014	10 April 2014					
7.	22 March 2014	30 June 2014	09 June 2014					
8.	14 May 2014		27 June 2014					
9.	15 May 2014							
10.	23 May 2014							
Total	10		7		8		3	4

The Board met ten (10) times during the period under review.

The Board Charter encapsulates the City of Johannesburg Governance Protocol and includes matters of ethics, procedure and the conduct of committee members. Registers are kept and updated on the disclosure and declaration of interests of directors and senior management. The Board and senior management ensure that there is full material compliance with all relevant legislation. The Company Secretary has certified in terms of section 268(d) of the Companies Act that all statutory returns have been submitted to the Registrar of Companies.

Section 3: Board of Committees

The following committees have been formed, each of which is chaired by a Non-Executive Director.

- Audit and Risk Committee
- Remuneration and Human Resources Committee (REMCO)
- Transactions Committee
- Social and Ethics Committee
- Transformation Committee

Audit and Risk Committee

Prior to the 25 February 2014 Annual General Meeting, the Committee consisted of five (5) members, made up of two Non-Executive Directors (Mr Tom Hickman (Chairperson) and Mr Neren Rau) and three (3) Independent Audit Committee Members (Ms Tshidi Molala, Mr Vusi Mokwena and Mr Grand Dunnington).

As of 25 February 2014, Mr Grant Dunnington was retired as an Independent Audit Committee Member. Ms. Tshidi Molala (Independent Audit Committee Member) and Mr Vusi Mokwena (Independent Audit Committee Member) were reappointed as Independent Audit Committee members in their previous capacities. Mr George Mufana was appointed as an Independent Audit Member.

The Audit and Risk Committee now consists of five (5) members, two (2) Non-Executive Directors, (Mr Tom Hickman (Chairperson) and Mr Neren Rau) and three (3) Independent Audit Committee Members (Ms Tshidi Molala, Mr Vusi Mokwena and Mr George Mufana).

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

The Committee has been delegated the task of overseeing the quality, integrity and reliability of the company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed. The committee met seven (7) times during the year under review.

The Audit and Risk Committee operates in accordance with written terms of reference authorised by the Board, and provides assistance to the Board with regard to:

- ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- matters relating to financial accounting, accounting policies, reporting and disclosures;
- internal and external audit policy;
- activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- review/approval of external audit plans, findings, problems, reports and fees;
- risk management;
- compliance with the Code of Corporate Practices and Conduct; and
- compliance with the Code of Ethics.

Remuneration and Human Resources Committee (REMCO)

For the period preceding the Annual General Meeting of 25 February 2014, REMCO consisted of four (4) Non-Executive Directors (Dr Dorothy Sekhukhune (Chairperson), Ms Shelley Childs, Professor Alfred Nevhutanda and Mr. Neren Rau.

Subsequent to the AGM new members were appointed to the Committee with effect from 17 March 2014 and the Committee is constituted as follows: Mr. Moeketsi Rabodila (Chairperson); Professor Alfred Nevhutanda; Mr. Neren Rau and Mr. Floyd Ntombela.

The Remuneration and Human Resources Committee advises the Board on human resources policies, remuneration and other conditions of employment for senior management.

The Committee met eight (8) times during the year under review. The frequency of the meetings was escalated by the Managing Director recruitment process.

Transactions Committee

The Transactions Committee preceding the 25 February 2014 Annual General Meeting consisted of five (5) Non-Executive Directors (Professor Alfred Nevhutanda (Chairperson), Dr Dorothy Sekhukhune, Ms Shelley Childs, Mr Jabu Mabaso and Mr Tom Hickman). The Committee currently consists of seven (7) members Professor Alfred Nevhutanda (Chairperson) Mr Jabu Mabaso, Mr Tom Hickman, Mr Mphethi Morojele, Mr Moeketsi Rabodila, Ms Phumelele Msweli and Mr Floyd Ntombela.

All property transactions are considered by the Transactions Committee which makes recommendations to the Board or the shareholder. The Committee has delegated powers from the Board to deal effectively with certain operational issues relating to the property portfolio of the shareholder and operates within the terms and references approved by the Board.

The Transactions Committee met four (4) times during the year under review.

Social and Ethics Committee

The Social and Ethics Committee is a newly established committee consisted of the following three (3) members prior to the Annual General Meeting on 25 February 2014: Mr. Neren Rau (Chairperson), Mr. Jabu Mabaso and Ms Shelley Childs. The Committee is currently constituted as follows: Mr. Neren Rau (Chairperson), Mr. Jabu Mabaso and Mphethi Morojele.

The function of the Committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. It looks into the Company's social and economic development, including the organisation's standing in terms of the goals and purposes; good corporate citizenship; the environment; health and public safety; consumer relationships including the Company's advertising, public relations and compliance with consumer protection laws; labour and employment in terms of section 43(5) of the Companies Act. Further to the Committee's statutory obligations the Committee is the custodian of communication and stakeholder management in the Company. This Committee was established on 19 April 2012.

The Committee has met twice (2) during the period under review.

Transformation Committee

The Transformation Committee is a new committee which was established at the Board Meeting held on 26 March 2013, and consisted of three (3) Non-Executive Directors (Ms Shelley Childs (Chairperson), Dr. Dorothy Sekhukhune and Mr. Jabu Mabaso) prior to the Annual General Meeting. The intention of creating this committee was to produce a groundbreaking intervention in transformative programmes led by JPC. The

Committee was initially set up as an ad-hoc Committee of the Board, the Committee's mandate has since been reviewed with a view to make it a standing Board sub-committee.

The Committee currently consists of four (4) members i.e.: Mr. Jabu Mabaso (Chairperson), Mr. Moeketsi Rabodila, Mr. Floyd Ntombela and Ms Phumelele Msweli. The Committee met four (4) times during the period under review.

Section 4: Directors' Remuneration

The table below reflects the remuneration of the Board of Directors during the period under review. Non-executive directors received fees for their contribution to the Board and the Board sub-committees on which they served. The remuneration of the non-executive directors was in line with the provisions set by the CoJ.

	Name of Director	Meetings Attended	Emoluments	Retainer	Total
1	Mrs. A Mabizela	16	R 148 804	R 39 675	R 188 479
2	Dr D Sekhukhune	12	R 51 594	-	R 51 594
3	Mr T Hickman	18	R 123 010	R 19 840	R 142 850
4	Mr J Mabaso	22	R 100 212	R 19 840	R 120 052
5	Ms S Childs	17	R 74 416	-	R 74 416
6	Prof. AN Nevhutanda	13	R 70 440	-	R 70 440
7	Mr N Rau	26	R128 974	R 19 840	R 148 814
8	Ms PP Msweli	9	R 40 680	-	R 40 680
9	Mr JM Rabodila	14	R 68 458	-	R 68 458
10	Mr FD Ntombela	8	R 34 730	-	R 34 730
11	Mr MM Morojele	5	R 23 810	-	R 23 810
	TOTAL		R865 128	R99 195	R964 323

Independent Audit Committee members

	Name of Director	Meetings Attended YTD	Emoluments	Retainer Charge relating to 2014	Total
1	Mr V Mokwena*	7	R 29 760	R 19 840	R 49 600
2	Ms T Molala*	7	R 34 720	R 19 840	R 54 560
3	Mr H Moolla - MTC		-	R 19 840	R 19 840
4	Mr GC Dunnington	5	R 24 800	R 19 840	R 44 640
5	Mr G Mufana	2	R 9 920	-	R 9 920
	TOTAL		R 99 200	R 79 360	R 178 560



*- The members attended the AGM in addition to the normal committee meetings.

Total Non-Executive Director and Independent Audit Committee Member Remuneration

	Type	Emoluments	Retainer	Total
1	Non-Executive Directors	870 088	99 195	969 283
2	Independent Audit Committee Members	99200	59 520	158 720
	GRAND TOTAL	969 288	158 715	1 128 003



JPC: DIRECTORS AND INDEPENDENT COMMITTEE MEMBER ATTENDANCE REGISTER 01 JULY 2013-30 JUNE 2014

DIRECTORS & INDEPENDENT COMMITTEE MEMBERS:	BOARD OF DIRECTORS	AUDIT AND RISK COMMITTEE	REMUNERATION AND HR COMMITTEE	SOCIAL AND ETHICS COMMITTEE	TRANSACTIONS COMMITTEE	TRANSFORMATION COMMITTEE	CHAIRPERSONS QUARTERLY	ANNUAL GENERAL MEETING	MOI and SDA Task Team	Total
NO. OF MEETINGS HELD	10	7	8	2	3	4	3	1	2	
Mr A Mabizela	9/10	N/A	2*	N/A	N/A	N/A	2	1	2	16
Dr D Sekhukhune**	3/5	N/A	3	N/A	2	3	N/A	1	N/A	12
Mr M Moavodi**	0	N/A	N/A	N/A	0	N/A	N/A	0	N/A	0
Mr T Hickman	10/10	6	N/A	N/A	1	N/A	N/A	1	N/A	18
Mr J Mabaso	10/10	N/A	N/A	2	3	3		1	2	22
Ms S Childs**	5/5	N/A	4	1	3	3	N/A	1	N/A	17
Prof. AN Nevhutanda	5/10	N/A	4	N/A	3	N/A	N/A	0	N/A	13
Mr N Rau	9/10	7	8	2	N/A	N/A	N/A	1	N/A	27
Mr M Morojele	4/5	N/A	N/A	1	0	N/A	N/A	N/A	N/A	5
Mr M Rabodila	5/5	N/A	5	N/A	1	1	N/A	N/A	2	14
Mr F Ntombela	3/5	N/A	3	N/A	1	1	N/A	N/A	N/A	8
Ms P Msweli	5/5	N/A	N/A	N/A	1	1	N/A	N/A	2	9
Mr. G Dunnington	N/A	4	N/A	N/A	N/A	N/A	N/A	1	N/A	5
Mr V Mokwena***	N/A	6	N/A	N/A	N/A	N/A	N/A	1	N/A	7
Ms T Molala ***	N/A	6	N/A	N/A	N/A	N/A	N/A	1	N/A	7
Mr G Mufana	N/A	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2

** Retired Directors
 *** Independent Audit Committee Members
 Retired Independent Audit Committee Members
 * Attended by invitation- not a member

EXECUTIVE MANAGEMENT

During the period under review, the following individuals constituted the management team under the leadership of the Managing Director.

Sthembiso Mtungwa

Executive Manager:
Property Development



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

Qualifications: Bachelor of Commerce; Post Graduate Diploma in Business Management; Property Development Programme (PDP).

Mzela Mashele

Executive Manager :
Informal Economy and
Public Transport



Specialist in small and micro business development; facilities management; informal economy development; project management; strategy and policy development; infrastructure.

Qualifications: MSc in Development Planning

Fanis Sardianos

Executive Manager:
Property Management



Finance; accounting; property management.

Institute of Municipal Finance Officers; Board of Municipal Accountants.

Qualifications: Diploma in Administration and Commerce; Local Government Diploma.

Ellenise Pedro

Executive Manager:
Human Resources



HR strategy; organisational design; workplace skills; employment equity; performance management system; training and development; labour relations.

Qualifications: Bcom Business Management; MCOM Labour Relations and Human Resources; BCOM Honours; Leadership Development; Coaching and Mentoring; Project Management; Job Profiling and Career Management; MBA (Masters of Business Administration)

Verusha Morgan

Executive Manager (Acting)
Asset Management



Legal advice; drafting of legal documents; court experience: civil and criminal matters; negotiation skills; customer care; policy and claims inquiries.

Qualifications: LLB; Certificate in Management; various certificates obtained; practical legal training with the Law Society; Conveyancing and Admitted Attorney of the High Court of South Africa. MBA (Masters of Business Administration)

Kululwa Muthwa

Chief Operations Officer



Drafting legal documents; negotiation skills; property development; property management; asset management.

Qualifications: BProc; LLM; Certificate in Construction Law; Property Development (PDP, Project Management, Fellowship Admission (Arbitrator) with the Association of Arbitrators; Admitted Attorney of the High Court of South Africa

Sharon Ramoetlo

Company Secretary and Compliance Officer
(Acting)



Compliance testing and training; secretariat services; providing advice on corporate governance.

Qualifications: LLB (UJ); Certificate on Corporate Governance (WBS) and Certificate on Programme for Management Development -PMD(GIBS)

Bhalchand Gowrie Sunker

Executive Manager:
Facilities Management



Facilities management; facilities maintenance; project management; leadership.

Qualifications: Certificate: Labour Relations And Leadership (WBS)
Chief Executives Certificate
(Local government) (UDW)



Senior Management Remuneration

	YTD EXECUTIVE SALARIES								
TITLE	BASIC SALARY YTD	LEAVE PAY	TRAVEL ALLOWANCE	PERFORMANCE BONUS	13TH CHEQUE	ACTING ALLOWANCE	SUBSISTENCE ALLOWANCE	TOTAL COST TO COMPANY (INCLUSIVE OF COMPANY CONTRIBUTION - E JOBURG)	TOTAL
Managing Director	1 139 183.76	28 847.82	249 999.96	90 991.67	-	-	1 340.00	16 086.40	1 526 449.61
Financial Director	968 986.44	-	96 000.00	-	88 748.87	-	-	166 307.93	1 320 043.24
Chief Operating Officer	973 841.99	33 704.73	-	-	81 153.50	-	1 340.00	173 167.62	1 263 207.84
EM: Stakeholder Management	484 810.29	-	-	-	-	-	-	5 740.43	490 550.72
EM: Asset Management	744 148.68	-	-	-	82 543.52	-	-	108 162.38	934 854.58
EM: Human Resources	908 139.96	-	-	-	75 678.33	-	-	160 080.34	1 143 898.63
Senior Manager: Legal	743 297.89	-	-	-	61 941.49	-	-	120 770.61	926 009.99
Company Secretary	846 145.06	-	-	49 393.13	70 512.09	26 294.14	-	145 179.92	1 137 524.34
EM: Property Management	991 701.59	-	-	-	82 543.52	-	-	175 500.75	1 249 745.86
EM: Property Development	1 037 218.79	-	-	-	86 434.90	11 487.43	1 340.00	183 091.02	1 319 572.14
EM: Informal Trading and Public Transport	858 822.35	-	-	-	71 568.53	-	-	54 044.96	984 435.84
EM: Facilities Management	813 920.35	-	92 916.00	-	-	-	-	226 399.32	1 133 235.67
	10 510 217.15	62 552.55	438 915.96	140 384.80	701 124.75	37 781.57	4 020.00	1 534 531.68	13 429 528.46

Section 5: Company Secretary Function

Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices. Directors are also entitled to seek independent professional advice concerning the affairs of JPC, should they believe that course of action would be in the best interests of JPC.

Register of declarations of interest

JPC is committed to upholding good corporate governance in all of its business dealings in respect of its shareholder and other stakeholders. JPC has an approved Board Charter regulating how JPC's business is conducted by its Board of Directors. The said Board Charter is based on the principles of good corporate governance and is in line with the framework proposed by the Shareholder.

According to the Board Charter, Board members are required to declare any interest that they might have in JPC business. The Board members are required to sign a "Declaration of Interest" form on an annual basis. They also fill in a register in every seating of the Board or any of its sub-committees.

Irregular, fruitless and wasteful expenditure

Refer to Annual Financial Statement for the details on irregular expenditure.

Disposal of capital assets

JPC does not have capital assets (immovable) and therefore none were disposed of.

Delegation of authority

The Board approved the Delegations of Authority to the Managing Director.

Section 6: JPC Risk Management

Effective risk management is integral to the company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting. Financial risk management is dealt with in the financial statements on the financial annexures A.

In order to meet its responsibility with respect to providing reliable financial information, the entity maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and that transactions are

properly authorised and recorded. The system includes a documented organisation structure and visions of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which are communicated to the parent municipality. The entity also includes the careful selection, training and development of people.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are defined. The board, operating through its audit committee, provides supervisions of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A document and tested business continuity plan exist to ensure the continuity of business-critical activities. The entity assessed its internal control systems as at 30 June 2014 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual. The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on its assessment, the group believed that, as at 30 June 2014, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, met those criteria.

Section 7: Internal Audit Function

The company appointed Nexia SAB&T as its internal Auditors for the period of three (3) years. The appointed internal audit service provider started in the third quarter to roll out the annual internal audit plan for the current financial year and the internal auditors have performed the audits in line with the approved internal audit plan. The following audits were completed for the year ended 30 June 2014:

- Human Resources
- Irregular expenditure
- Finance
- Supply Chain Management
- Business Plan 2014/2015
- Follow Up Audit
- AOPO for the three quarters
- Internal Control Environment Dashboard for the three quarters.

Resolving of Auditor General Findings

In the prior year audit, JPC had ten (10) audit findings. It is comforting to report that management has worked tirelessly to clear all audit findings that were raised in the prior year audit. The internal auditors have reviewed and confirmed that all AG findings were adequately addressed.

Section 8: Corporate Ethics and Organisational Integrity

JPC envisions improving the ethical conduct within the organisation. In that regard, JPC has established the Ethics Office which will champion the promotion of good ethical culture and good corporate citizenship. The ethics office conducted the ethics climate/ risk assessment which includes questionnaires and focus groups with the stakeholders, including the suppliers, customers and our employees. The assessment we will assist JPC to discover the aspects of beliefs, practices and behaviours that need to be affirmed or entrenched and those that are to be avoided or corrected. Based on the outcome of the assessment, an ethics management strategy, structures and intervention plans will be formulated.

JPC has also taken an initiative to align its business operations and strategies to the international business best practices. A GRI reporting framework has been developed in line with the United National Global Compact (UNGC) ten principles. The first report will be submitted to UNGC in the 2014/2015 fiscal year.

Section 9: Sustainability Vision, Strategy and Principles

A company's performance is determined not only by its environmental and social activities, but also by its economic achievements. The JPC sustainability vision is in meeting business objectives, continuing to enhance stakeholder value, managing risks and focusing on opportunities posed by economic, social, human and environmental capitals within the company's scope of influence.

The JPC's approach takes into consideration the core values of the company, which are consistently applied to all its activities and decision-making. The company endeavours to drive service delivery excellence as well as to instil a sense of responsibility through its operations and amongst its staff in the sphere of both economic and social environments. JPC therefore focuses and reduces the risk of anything that will undermine this achievement.

JPC bases its policy development on the strong policy foundation of the City and its mandate on the SDA and City strategies. JPC strives to meet its mandate on service delivery and due to the nature of the legislative requirements to be complied with; the transactions are lengthy, which is one of the key challenges currently. Below are some of the challenges for JPC:

- The mandate to maximise both social and economic opportunities;
- Over the years, the JPC has to balance business priorities with meeting the organisation's financial/economic goals as well as its socio-economic objectives;
- Reduction in financial assistance from the shareholder and the urgency of the entity to generate its own revenue; and

- The requirement of all entities in the city to contribute to increasing investment, job creation and ultimately contributing to the City achieving its 9% economic growth by 2014;
- The implementation of the mandate and most policies is dependent on financial resource availability.

Section 9: Sustainable Commitments

The JPC, in its initiatives for the 2013/14 financial year, responded to each of the Mayoral priorities. The JPC's projects were aimed at achieving the following outcomes for the City and its citizens:

- Realising value (social, financial and economic) for the CoJ;
- Supporting economic development and aligning the CoJ property portfolio with CoJ priorities;
- Increasing effectiveness and efficiencies in respect of municipal and social use properties; and
- Managing risk and return with respect to the property portfolio and property transactions for the CoJ.

Section 10: Anticorruption and fraud

The JPC subscribes to the letter and spirit of the Prevention and Combating of Corrupt Activities Act and as such has adopted a zero tolerance approach to fraud and anti-corruption. The JPC has a Fraud and Corruption Committee (FRACC) comprising of six members for purposes of advising on, and launching investigations into allegations of breaches of the anti-Fraud, Corruption and Associated Irregularities Policy (Fraud Policy), principles of ethics, laws and regulations and all relevant policies, which have been reported to the JPC, either through the City's Group Fraud Hotline or other means.

Reports are received from the City's Fraud Hotline service provider on a quarterly basis and these are investigated and feedback is constantly provided to the ARC and Board of the Company. All Fraud cases are further disclosed to the City as one of the Company's key stakeholders.

Section 11: ICT Governance

IT Governance – As reflected in King 111, Management should demonstrate adequate disaster recovery arrangements. The Risk Committee should ensure that IT risks are adequately addressed and get appropriate assurance on controls. The Audit Committee should consider IT in relation to financial reporting and the going concern.

IT cuts across all aspects, components and processes in business and is therefore not only an operational enabler for a company, but an important strategic asset which can be leveraged to create opportunities and to gain competitive advantage.

As well as being a strategic asset to the company, IT also presents organisations with significant risks. The strategic asset of IT and its related risks and constraints should be well governed and controlled to ensure that IT supports the strategic objectives of the organisation.

Pursuant to the approval of the JPC 2040: Transformation through Property Corporate Strategy an IT Governance Framework and Strategy will be developed. The intention of this exercise is to define the IT Policies and Operating procedures required to take implement the JPC 2040 Corporate Strategy. Furthermore, to ensure that the necessary buy-in from the JPC stakeholders is obtained, an Organisational Change Management (OCM) process will be implemented.

As custodians of the organisation's data the IT strives to:

- Maintain quality information to support business decisions.
- Generate business value from IT-enabled investments, (achieve strategic goals and realise business benefits through effective and innovative use of IT).
- Achieve operational excellence through reliable and efficient application of technology.
- Maintain IT-related risk at an acceptable level.
- Optimise the cost of IT services and technology.
- Outline a development path for the effective governance of IT in line with business objectives.

Section 12: Supply Chain Management and Black Economic Empowerment

The Supply Chain Management Policy for goods and services for JPC was approved by the Board and it is in line with the City's Group Supply Chain Management Policy. It is also in line with the Municipal Finance Management Act and its Regulations, the National Treasury Guidelines and Practise Notices. Supply Chain Management Committees (i.e.) Bid Specification, Evaluation and Adjudication Committees are fully functional and operate within the framework of the SCM Policy, MFMA and the Regulations. In the current financial year SCM has accelerated transformation and awards were also made to Co-operatives who comprises of Communities and also women. In the current financial year the Company recorded the following expenditures:

B-BBEE spend as a percentage of the COJ Portfolio

	Q1	Q2	Q3	Q4
BEE as % of operating Expenditure	92%	84%	64.77 %	98.41%
BEE as % of Capital Expenditure	100%	80%	100%	100%

B-BBEE spend as a percentage of the JPC total procurement spend

	Q1	Q2	Q3	Q4
BEE as % of operating Expenditure	79	68%	83%	69%
BEE as % of capital Expenditure	100%	93%	91%	90%



re is also development in terms of the Review of the Supply Chain Management Policy for land. This Policy seeks to transform excess to land/properties for the BBBEE companies. The framework for this Policy was approved by the City Mayoral Committee and plans are already afoot in terms of implementation. This process is done in consultation with the Group: Legal and Contract of the City Of Johannesburg.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE



Section 1: Core Business

The Joburg Property Company (JPC) is a dynamic, visionary company mandated to manage and develop the City of Johannesburg's (CoJ) property portfolio, valued at R8.6 billion. As a promoter of innovative solutions to the development challenges of contemporary Johannesburg, JPC utilises council-owned land assets to leverage private sector investment in public infrastructure. JPC's core business is to manage the property assets of the CoJ, maximising the social, economic and financial value of the CoJ's property portfolio, and enhancing the efficiency of its use; provide Asset Management, Property Management, and Property Development services to the CoJ, and interact with the general public; and to support the achievement of the CoJ's strategic priorities, including economic and social development, and the service delivery objectives of the CoJ.

Section 2: Day to Day Operations

JPC is currently engaging with the City of Johannesburg as the shareholder through the SDA which details the JPC mandate as to carry out:

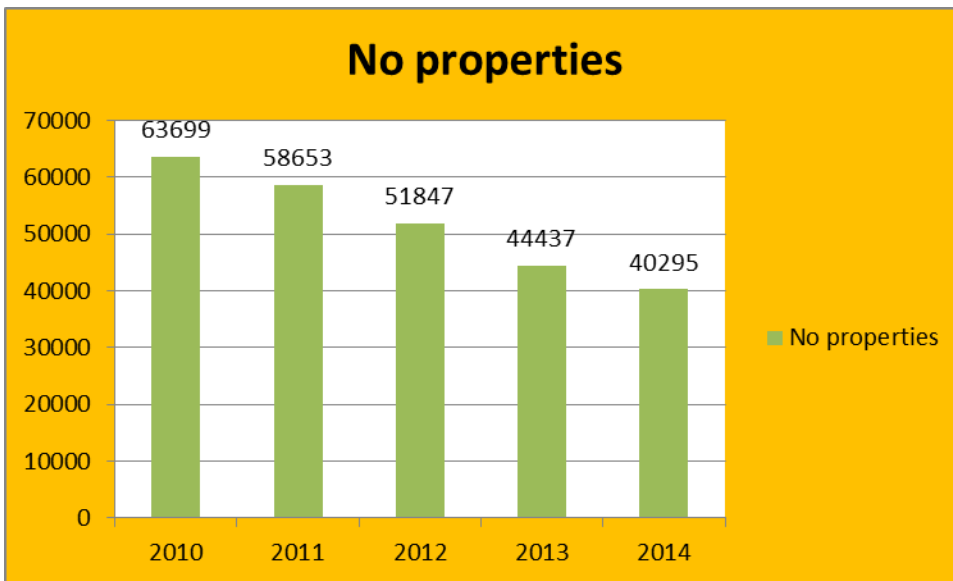
- Property Development;
- Property Management;
- Facilities Management which includes Informal trading and Public Transport;
- Asset Management; and

All ancillary services related to the above.

Status of Property Holdings Status of Property Holdings

COJ Land Parcels

Region	2014	2013	2012	2011
Total Number of Properties	40 295	44 437	51 847	58653
Region A	4884	5 669	8 270	11 421
Region B	4368	3 979	4 709	4 797
Region C	3351	3 519	3 854	3 992
Region D	8843	10 328	11 177	11 719
Region E	6872	8 476	9 605	9 606
Region F	5189	5 121	5 147	5 132
Region G	6296	7 266	9 002	11 904
Region Z	492	79	83	82

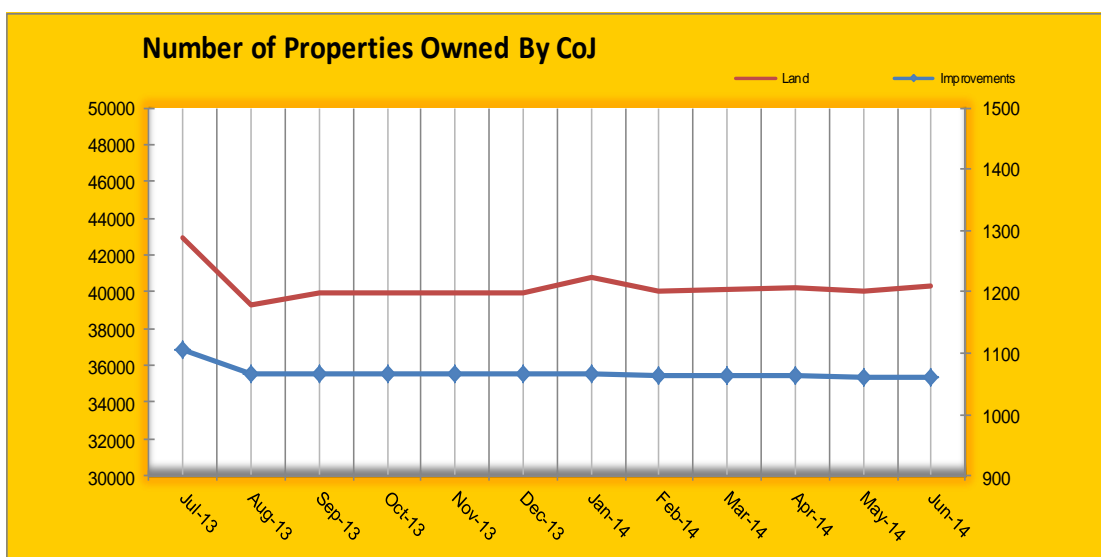


The property portfolio is on a declining trend year-on-year as a result of the properties being transferred to beneficiaries.

The closing balance of the Asset Register for the for the year ending 30 June 2014 is slightly higher at R7.959 billion rand as compared to R7.170 billion reported in the same period in 2013. The appreciation in the portfolio is as a result of council owned properties taken on resulting from spatial alignment of Cadastre and Deeds reconciliation, which were awaiting valuation amounts.

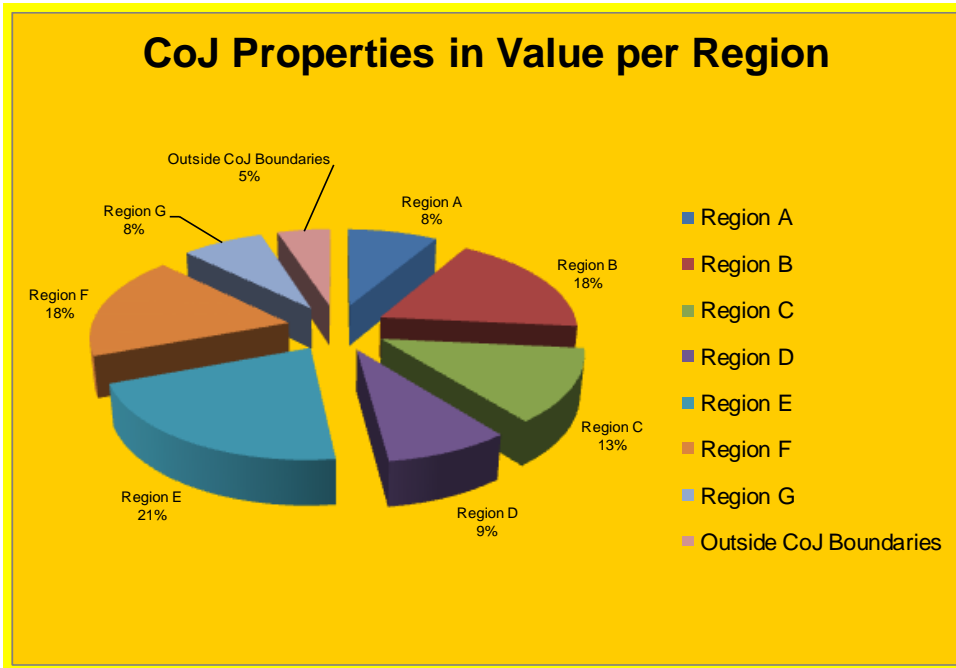
Size of the COJ Holdings (Number of vacant and improved properties)

The graphical representation provides for a demonstration of the reported number of land and improved assets owned by the COJ reflected on the fixed asset register as at 30 June 2014. The portfolio is currently sitting at 40 295 properties as reflected in the graph below.



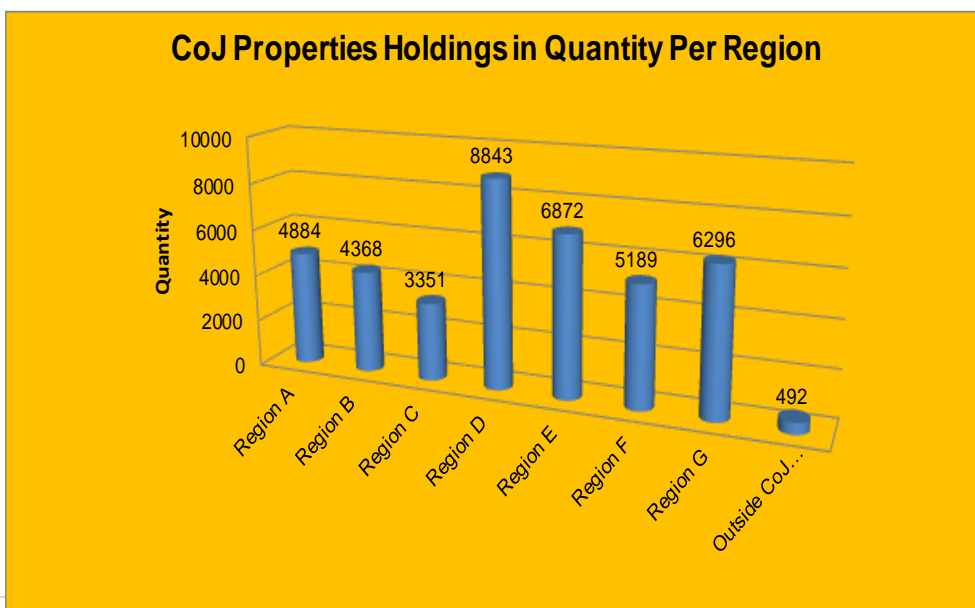
Municipal Valuation of Property Holdings per Region

An upward movement is experienced due to take on properties resulting from spatial alignment of Cadastre and Deeds. Regions B, E and F are still reflecting high percentage portions in terms of value as reported in the previous quarter.



Number of Property Holdings per Region

The closing balance of land parcels per region as at 30 June 2014 shows Regions D and E with larger quantities followed by Regions G, F, A, B and C respectively. While properties outside the COJ boundaries are slowly increasing as a result of the deeds reconciliation results owing to the recent demarcation process which took place.



Section 3: Highlights and Achievements

Land Regularisation Programme

The identification of 2489 properties under the Land Regularisation programme which will eventually make way for the issuing of title deeds to beneficiaries.

Land Regularisation: Soweto

Erf 25170 Diepkloof

A long outstanding dispute over the cancellation of a 50 year lease on 24 Council Owned shops in Diepkloof with Century Property Development has been resolved. 23 of the 24 affected shops have been lodged at the deeds office for lease cancellation and simultaneous registration to beneficiaries.



Land Regularisation: Ivory Park General Plan

Amendments; Extensions: 2, 5, 6, 7, 8, 9, 10, 12 & 13

The 1997 General Plan Amendment: The regularization of the 1997 General Plan was initiated in the first quarter so as to transfer properties in various Ivory Park extensions, which incorporates approximately 2689 properties. The 1997 General Plan Amendment has since been approved and the bulk transfers for these properties are targeted for the 2014/2015 financial year, mostly as a result of the extensive circulation and participation process required prior transfer.



Land Surveys conducted; obtained approval of Town Planning processes and in some instances conducted beneficiary Surveys & Verification processes, conducted the Civil Engineering Verification Surveys; pegged various stands and are facilitating the registration of General Plan at the deeds Office. The transfer of these properties to the entitled beneficiaries is expected in the 2014/2015 financial year.

Stakeholder Relations, Marketing & Communications

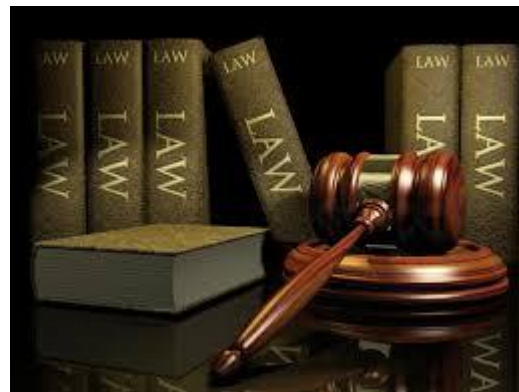
The JPC has conducted visits to Councillors in order to understand the issues at Ward level and track the

resolution of the issues. This has contributed towards strengthening relations with stakeholders and also improved responsiveness to community issues.

The JPC hosted a networking dinner which was aimed at strengthening relations with its strategic partners.

Legal Advisory Services Unit

The unit achieved a favourable judgment for CoJ in the matter between Capensis Investments 352 (Pty) Ltd and Another and The CoJ and Eleven Others under case number 12/311887 in the South Gauteng High Court;



This case involved the sale of Erven 2979 and 2981 Far East Bank by the City to Capensis. Capensis had initially instituted motion proceedings in the South Gauteng High Court to declare the Court order of a previous court null and void so that it could take transfer of erf 2979 Far East. Erf 2981 is registered in its name.

The Victory in favour of the CoJ means that the CoJ can now take transfer of the property, 2981 and benefit from all fruits accruing from the Notarial lease currently in place with Engen (Pty) Ltd; An Application for leave to Appeal was noted.



Potato Sheds

Construction of the majestic building is 95% complete and practical completion will be achieved next quarter of the new financial year.

Sandton Station (Kgoro)

PTI Management Agreement and operational rules was signed by both parties (Bombela and JPC) by the 30 June 2014. The construction of the new taxi rank was completed on the 30 June 2014. The taxis were relocated to the PTI level by 18 July 2014 and the area was handed over to Cedar Park on the 1 August 2014.



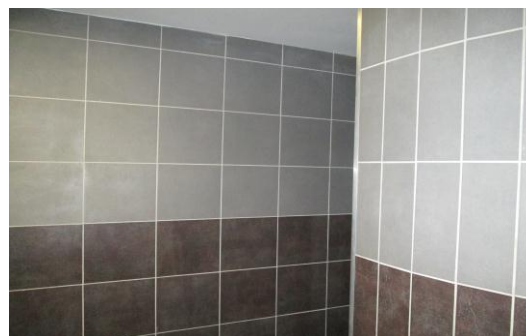
Jabulani CBD Precinct

Construction of phase 1 of the residential development is 95% complete with 1212 units completed and handed over and 66 units at practical completion stage.



Facility Management

The maintenance interventions at Kwa Mai Mai were complete in the current financial year at R3.2 million. Maintenance related to the following: Construction of perimeter wall (180m); Landscaping and paving; OHASA works; Electrical works; plumbing; carpentry; paintwork; Welding; tiling; glazing and cleaning.



At the consummation of the project empowerment targets were set with local labour employment, procurement from local service providers and skill transfer.

The Jabulani Civic and Roodepoort Civic Centres also underwent major repair and maintenance

Property Management

The Portfolio’s mandate is to create social and economic development and employment opportunities within the City through, community based services, such as, community facilities, sport and recreation, libraries, churches, clinics, training, Co Ops, NGO programs, HIV, TB, Skills Development and Early Childhood Development Facilities.

Acquisition	
Princess AH, Zandspruit	<ul style="list-style-type: none"> Acquisition of privately owned properties in the Princess AH, Zandspruit area. R40 million target reached via support of the housing master plan initiative. 14 000 units for housing development should be realised via the initiative
The Municipal Portfolio	
Registration of rights and the transfer of more than 220 servitudes	<ul style="list-style-type: none"> The Municipal Portfolio finalised the registration of rights and the transfer of more than 220 servitudes / properties
The Social Property Portfolio	
Lehae (Mount Olive Outreach)	<ul style="list-style-type: none"> Orange Babies has a donor has provided R1.5 million for the development of Mount Olive’s infrastructure on Erf 2824. A lease agreement has been finalised Mount Olive’s will serve the community of Lehae by providing a Victim Support

	Centre, social work facilities, place for additional pre-schoolers, educational facilities and a sewing facility.
Waverely Tennis Club	<ul style="list-style-type: none"> The property known as the Waverley Tennis Club will be converted into an Equestrian (Horseriding) facility e.g. show jumping, dressage, eventing, driving, equitation, showing and vaulting. The investment forecasted is R1, 5 million.
Altech Media Centre	<ul style="list-style-type: none"> The aim of the project is to provide an education support centre to the school going community of Alexandra. A Media Centre (library) will be constructed in order to uplift, educate and skill the youth of the community of Alexandra. The construction of the Media Centre by ALTECH Management Services exceeds R5 million.
Craighall Park Bowling Club PARK	<ul style="list-style-type: none"> JPC successfully evicted the illegal tenant at the Craighall Park Bowling Club and handed the facility back to the Johannesburg Bowling Association.
The Pirates Sports Club	<ul style="list-style-type: none"> The renewal of the lease agreement between the City and Pirates Sports Club in Greenside was duly signed. The club has undertaken to invest approximately R5 Million on improvements
George Lea Sports Club also known as The Sandton Sports Club	<ul style="list-style-type: none"> The Executive Adjudication Committee of the Council recently awarded the lease of the property on which the Sandton Sports club is situated, to the George Lea Sports Club The lessee has undertaken to invest approximately R5 Million Rand in upgrading the facility
Kelvin Sports Club	<ul style="list-style-type: none"> The lease concluded brings to the Community of Kelvin a facility that will be converted into a multi-purpose sports centre to benefit the community.
Driefontein Farmhouse (Heritage Site))	<ul style="list-style-type: none"> The Driefontein Farmhouse (also known as Wilhelmi House) was built in 1906 and has been declared a Heritage Site. The property will be used to promote the arts and culture for the community.
Alexandra Community Health Building (Heritage Building)	<ul style="list-style-type: none"> The community chose to convert and extend the Alexandra Health Committee Building into a self-sustaining centre of remembrance and recognition centre. The Building will be converted into an Alexandra Memorial Museum and Information Centre.

Section 4: Financial Performance

OBJECTIVE

The main purpose of this report is to provide a summary of JPC financials, as at 30 June 2014. Further, reasons for under-spending or overspending are provided where applicable.

OPERATING REVENUE

Gross Profit generated for the period is R 378 170 220 which equates to 10.6% below the allocated budget of R 423 152 000. Please note the following on the income of JPC for the 2013/14 financial year:

Commission income raised on Capex and third party development fees are 17.21% and 75.15%, respectively, below the budget as a result of a reduction and reallocation in the midterm budget for Capex, the Budget Office did not adjust the income that would be due to JPC in line with the reduction and reallocation.

All Capex allocated to JPC and Portfolio has been fully utilised in the 2013/14 financial year which includes the income of R30 416 979, raised from the Completion Commission on the Majestic Newtown, Randburg Forestation and Holocaust Museum projects.

Year-on-year the rental collections of Portfolio has improved from 52.23 % of the allocated budget in the 2012/13 financial year to 76.79% in the 2013/14 financial year.

Income generated from the land sales of unserviced land totalled R 57 million as reported in Portfolio, however this is still below the target set for the year. The major contributing factor for not meeting the budgeted objective is the delay of transactions being finalised at the deeds office.

OPERATING EXPENDITURE

The overall total operating expenditure for the period of June 2014 is R391 367 585, this equates to a saving of 6.6% below the budget. This is due to management intervention that expenses are kept below the budget for the financial year.

CAPITAL EXPENDITURE

JPC has spent R3 500 000 against the allocated budget of R3 500 000 mainly on the acquisition of computer equipment, office equipment and furniture and fittings.

FINANCIAL SUSTAINABILITY

LIQUIDITY RATIO

JPC has liquidity ratio of 1.16:1 as compared to the norm of 2:1, with negative cash balance of R207 742 065 for the year under review as compared to a positive cash balance of R3 710 927 for the same period in the 2012/13 financial year. JPC is currently owed R402 613 629 from intercompany debtors. R388 815 388 relates to the recovery of FMMU expenditure, R 322 127 from JRA Portfolio, R8 454 712 from COJ Portfolio, R11 143 948 from BRT and R148 237 from the Department of Economic Development. Collection of outstanding monies from intercompanies will position JPC in a cash surplus of R194 871 564.

RATIO OF DEBTORS COLLECTION

JPC has debtors' collection ratio of 0 days for 3rd party/external debtors and the ratio is 401 days for intercompany debtors as compared to the industry norm of 60 days.

SOLVENCY RATIO

JPC has solvency ratio of 29% against the accepted industry norm of 20% taking into account all liabilities including intercompany balances.

SURPLUS/LOSS

JPC has made a loss after tax of R 13 621 846, this is due to the reversal of all internal recoveries charged by JPC to the various departments/tenants, only the expenditure incurred by FMMU has been billed and transferred.

OPERATIONAL AND CAPITAL EXPENDITURE VARIANCE REPORT – JUNE 2014

OBJECTIVE

The main purpose of this report is to provide summary of CoJ Portfolio financials, as at 30 June 2014. Further, reasons for under-spending or overspending are provided where applicable

REVENUE

CoJ Portfolio made an initial revenue projections of R97 781 101 for the financial year, to be recovered from rentals, income from agency services and municipal charges. Total revenue generated for the period under review is R103 254 816.54 which equates to 6% above the allocated budget of R97 781 101 for the year.

OPERATING EXPENDITURE

The overall total operating expenditure for the period under review is R93 899 775.32, against an allocated budget of R97 929 000 which represents a cost saving of 4% for the period under review.

CAPITAL EXPENDITURE

CoJ Portfolio has spent R94 680 000.00 for the period under review against the allocated budget of R94 680 000.00 for the following projects: Land Regularisation, Orlando Ekhaya Waterfront, Paterson Park, Salisbury House, Sandown Ext 49, Site Development, Furniture and Completion Commission.

FINANCIAL SUSTAINABILITY LIQUIDITY

CoJ Portfolio has liquidity ratio of 1:1 as compared to the norm of 2:1, with a negative cash flow of R64 982 608.15 for the period under review as compared to the negative cash flow of R15 968 783.13 for the same period in the 2012/13 financial year. Portfolio is currently owed R118 640 148.66 from intercompany debtors for completion of CAPEX projects. Recovery of this money will place Portfolio in a cash surplus position of R53 657 540.51

DEBTORS COLLECTION PERIOD

CoJ Portfolio collection period is 219 days as compared to the industry norm of 60 days and this also takes into account debtors which are deemed irrecoverable. This is greatly affected by the R23 million currently outstanding from MTC informal trade debtors that have remained stagnant since integration.

Section 5: Capital Projects

During the year under review the company was able to deliver a number of capital projects. The below are some of the notable completed projects that Capex was allocated to.

<u>Project</u>	<u>Capex Budget</u>	<u>Actual Spent</u>	<u>% Spent</u>
Land Regularisation Renewal Operational Capex JOHANNESBURG F City Wide	R 6 000 000	R 6 000 000	100%
Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	R 13 930 000	R 13 930 000	100%
Orlando Ekhaya Waterfront Development Renewal Park ORLANDO EKHAYA D Regional	R 6 500 000	R 6 500 000	100%
Paterson Park Precinct Development Renewal Park ORANGE GROVE E	R 2 000 000	R 2 000 000	100%
Salisbury House Erf 1052 and 1053 Renewal Heritage JEPPESTOWN	R 2 000 000	R 2 000 000	100%
Computer Equipment New Computer Upgrades BRAAMFONTEIN WERF EXT.1 F City Wide	R 3 500 000	R 3 500 000	100%
TOTAL	R 33 930 000	R 33 930 000	100%

Section 6: Performance monitoring against the scorecard

For the financial year under review, JPC had a total number of twelve targets planned. Of the twelve targets two were not achieved, which represents 17% of total planned targets. This was mainly due to the fact that Capex allocated to JPC was not sufficient to support KPI's as reflected in the business scorecard.

1 Revitalization of Central Business Districts and Strategic Utilization of Underutilized Inner City Economic Assets

1.1. A central Business Districts revitalization programme using CoJ land Target Achieved.

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
Refurbishment of the Randburg Fire Station to the value of R10 million (cumulative) and construction of the Multichoice Campus to the value of R440 million.	Maintenance for Jabulani Civic Centre and Roodeport has been completed. The Randburg construction is in progressed. Refurbishment of the Randburg Fire Station = R9 million (cumulative) Multichoice Campus = R480 million	N/A	N/A

Target Achieved.

1.2 The remodelling of the Inner City Property Scheme and the property portfolio /enhancement. Identify 10 buildings to be acquired and released to the market for development

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
5 properties acquired	10 Properties acquired	N/A	N/A

Target Achieved

2 Sustainable Human Settlements Marginalized Area Program Back Yard Shack enablement program. Facilitation of area based economic initiatives

2.1 Identification of 2000 under the land regularization programme.

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
2 000 Identified	A cumulative total of 2459 identified.	150 Transferred	156 Transferred

Target Achieved.

3 SMME and Entrepreneurial Development and support

3.1 Creating a sustainable SMME sector in the CoJ, Enterprise Development Platform; 4600 SMMEs supported via platform:

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
4 600	3 452	N/A	N/A

Target Not Achieved. Capex allocated to JPC was not sufficient to support 4 600 SMME's as reflected in the business scorecard. The KPI has been rolled over to the next financial year and JPC will ensure that the target is met going forward with the allocated budget.

3.2. 1 300 jobs created from land and facilities management transactions

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
1 300 Jobs Created	2 348 Jobs Created	1 585 Jobs Created	1 942 Jobs Created

Target Exceeded.

3.3. 1 200 jobs created from land and facilities management transactions

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
1 200 Jobs Created	3 971 Jobs Created	1 585 Jobs Created	1 942 Jobs Created

Target Exceeded.

3.4. Allocation of land and buildings to support the development the CO-OP sector in DED Coop Strategy and in line with the COJ food security priority

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
100	5	N/A	N/A

Target Not Achieved. There are 28 farm portions identified in region G for food resilience and farming project for community development department to implement project. Planning for the following financial year has started to ensure that the KPI is achieved.

3.5. Implementation of projects under the youth desk to mainstream youth development and economic development programmes for youth

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
100 Jobs Created	110 Jobs Created	N/A	N/A

Target Exceeded.

4 Investment Promotion

4.1. Third party investment on COJ property

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
500 million	R770 million	R238 million	345.23 million

Target Exceeded.

5 Financial Sustainability Priority Clean Audit

5.1 Asset Verification: Desk Top Verification

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
36 000 Verified	36 269 Verified	7 200 Verified	8 895 Verified

6 Financial Sustainability Program, Capital Management Programs

6.1. Facilities Management Plans that incorporates an energy savings plan and retrofit initiatives and Space Optimization Plan that incorporate workplace accommodation to ensure better staff mobility.

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
Facilities Management and space optimisation plan for Regions G	CAD Drawings at Metro Centre in preparation of roll out of Metro Centre upgrading is continuing with current capacity. – 80% complete	N/A	N/A

Target Achieved

7. Sustainable Human Settlements- Transit Oriented Developments

7.1. Acquisition of Properties in line with the Transit Oriented Development Nodes and the Housing Master Plan.

Current Year 2013/2014		Prior Year 2012/13	
Annual Target	Actual	Annual Target	Actual Target
3 properties purchased and agreements signed	10 properties acquired in line with the Housing Master Plan.	N/A	N/A

Target Achieved

Section 7: Assessment of arrears on municipal taxes and service charges**Assessment of Municipal Taxes and Service Charges to the entity**

Not applicable to JPC

Amounts owed by entity for service charges

Not applicable to JPC

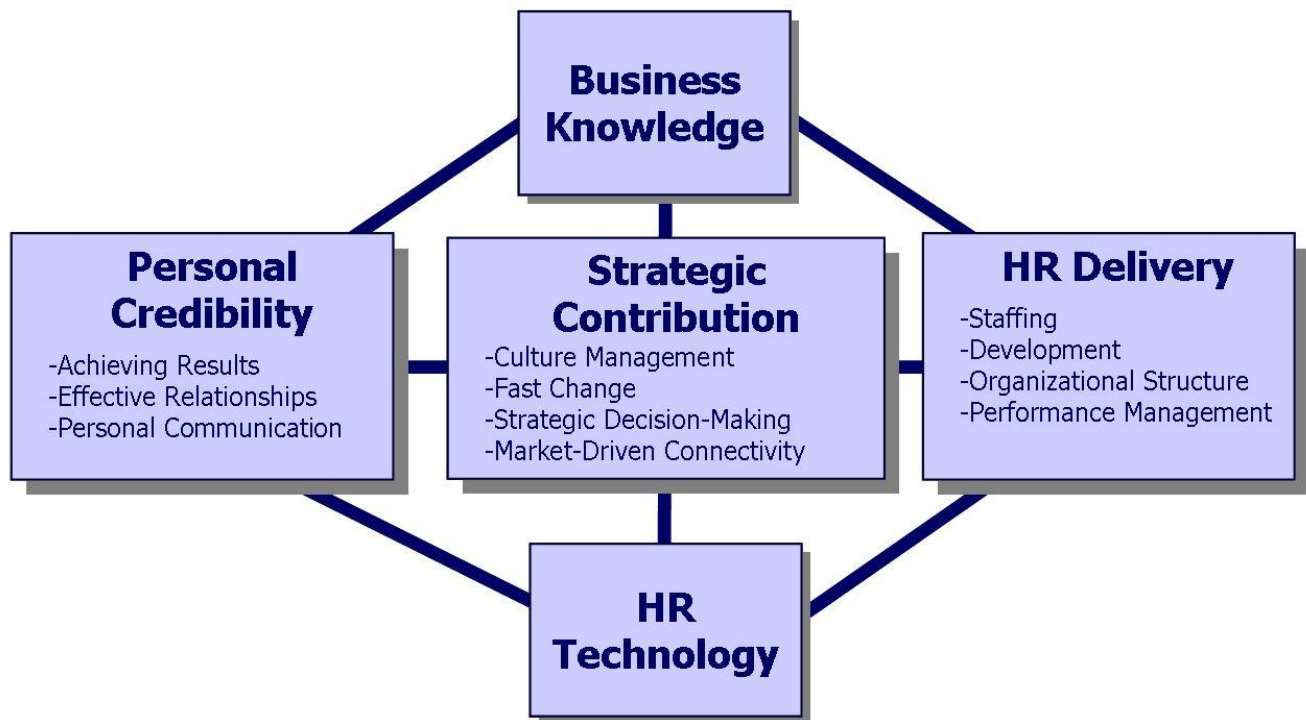
Assessment of Senior Managers' Municipal Accounts

EM NAME	DEPARTMENT	MUNICIPALITY	ACCOUNT NUMBER	BALANCE OWING	ARREARS
Helen Botes	Managing Director	CoJ	206 875 165	Current	None
Mr S Mntungwa	EM: Property Development	CoJ	207 170 312	Current	None
Mr F Sardianos	EM: Property portfolio	CoJ	300 845 880	Current	None
Mr I Bhamjee	EM: Finance	City of Tshwane	City of Tshwane	N/A	None
Mr T Mokataka	Manager: Legal Services	CoJ	505 407 782	Current	None
Ms E Pedro	EM: H.R.	CoJ	N/A	N/A	N/A
Ms K Muthwa	COO	City of Tshwane	N/A	N/A	N/A
Ms V Morgan	Company Secretary	N/A	N/A	N/A	N/A
Mr M Mashele	EM: Informal Trading	Midvaal Municipality	400 664 43	N/A	N/A
Mr J Sunker	EM: Facilities Management	Mogale City	N/A	N/A	N/A

Assessment of Board Members' Municipal Accounts

DIRECTORS NAME	MUNICIPALITY	BALANCE OWING	ARREARS
Mr A Mabizela	COJ	Current	None
Mr F Moavodi	COJ	Current	None
Mr. I Bhamjee	City of Tshwane	N/A	N/A
Mrs H Botes	COJ	Current	None
Mr GC Dunnington	COJ	Credit Balance	Credit Balance
Mr JV Mokwena	COJ	R 20 860.00	R15 835.56
Dr D Sekhukhune	COJ	Current	None
Mr L Itholeng	COJ	Current	None
Ms S Childs.	City of Tshwane	N/A	N/A
Mr N Rau	COJ	Current	None
Mr T Hickman	Cape Town	N/A	N/A
Ms T Molala	COJ	Current	None
Mr J Mabaso	COJ	Current	None

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



Section 1: Human Resource Management

Organisational Development

Following the adoption of the JPC 2040 corporate strategy in 2013, JPC has subsequently commenced with the process of developing the organisational design (OD) for the integrated JPC. A necessary activity between developing the strategy and the OD process is understanding and developing the Service Delivery Model (SDM). These processes are complex and require adequate time to deliver quality outcomes. Our objective is to create a more efficient and effective organization, where we reduce duplication, eliminate tasks that do not add value and ensure that the work required is carried out by the right people, with the right capabilities, resources and tools.

The project is well underway with the SDM in the final stages of being completed. It is envisaged that the organizational structure will be completed towards the end of the first quarter of the new financial year.

While management made a conscious decision not to place an absolute moratorium on the filling of vacancies (into the existing approved structures); a decision was taken to only fill critical vacancies where there is relative certainty that the position would be required in the new organizational design.

The table below indicates the positions as per the existing approved structures per function:

FUNCTION	No. of approved positions on structure	Filled positions Warm bodies	Vacant Positions
Office of the MD	17	10	7
COO	22	17	5
Property Management	38	27	11
Property Development	21	12	9
Asset Management	28	14	14
Finance	22	17	5
Human Resources	8	7	1
Stakeholder Management, Transformation and Communication	27	15	12
FMM	775	487	288
Informal Trading and Public Transport	90	72	18
TOTAL	1048	678	370

Section 2: Employment Equity and Diversity Management

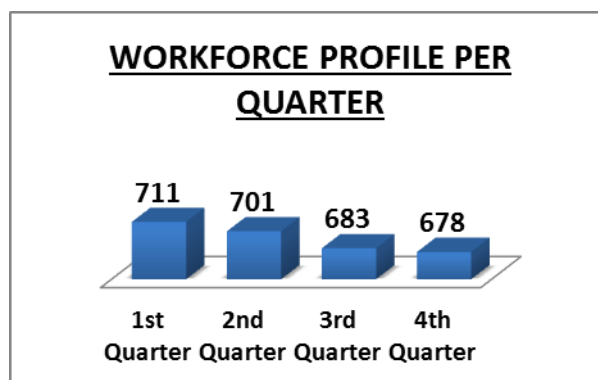
JPC is committed to achieve equality in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination and to implement Affirmative Action Measures to redress the disadvantages in employment experienced by Designated Groups, in order to ensure their equitable representation in all occupational levels in the Workplace.

Diversity is a core part of JPC's values. We have set internal targets to support gender diversity and seek to nurture the pipeline of women throughout the organisation. We believe a more diverse workforce is beneficial for our business. As at 30 June 2014, 45% of employees at a senior management level are women.

6.1 JPC has a total staff compliment of **678** employees as at 30 June 2014 including People with Disability and Temporary employees. Note: **A=African, C=Coloured, I=Indian and W=Whites.**

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	2	1	1	2	1	0	0	0	9
Senior management	4	0	0	1	3	1	0	0	0	0	9
Professionally qualified and experienced specialists and mid-management	10	0	2	5	10	1	1	3	0	0	32
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	85	6	4	11	13	3	1	5	1	0	129
Semi-skilled and discretionary decision making	128	3	2	1	65	9	1	4	1	1	215
Unskilled and defined decision making	150	20	5	2	85	20	1	1	0	0	284
TOTAL PERMANENT	379	29	15	21	177	36	5	13	2	1	678
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	379	29	15	21	177	36	5	13	2	1	678

The graph below shows a significant reduction in the staff compliment between the 1st quarter and 4th quarter from a total of 711 employees at the beginning of the year to 678 employees at the end of the financial year.

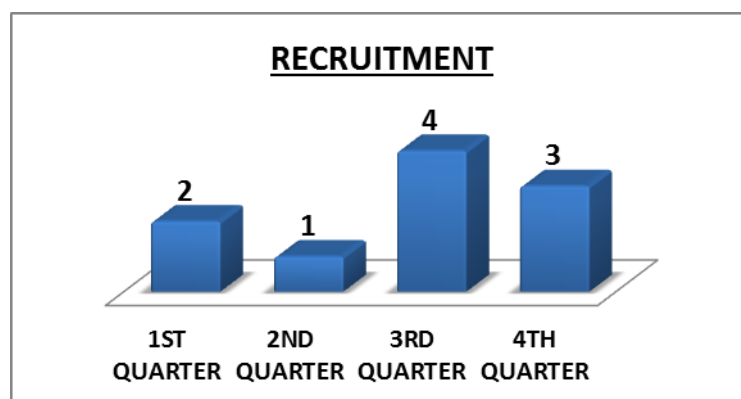


6.2 Workforce Movement

Recruitment: Report on the total number of new recruits as from July 2013 to June 2014 this include people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	2	0	0	0	1	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	0	0	0	0	2	0	0	1	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	2	1	0	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	2	0	0	0	5	1	0	1	0	0	9
Temporary employees	1	0	0	0	0	0	0	0	0	0	1
GRAND TOTAL	3	0	0	0	5	1	0	1	0	0	10

During the 2013/2014 financial year ten (10) new appointments were made of which nine (9) were permanent appointments and one (1) on fixed term contract. These positions were identified as critical positions and appointments were made in line with the employment equity gap analyses at certain occupational levels.

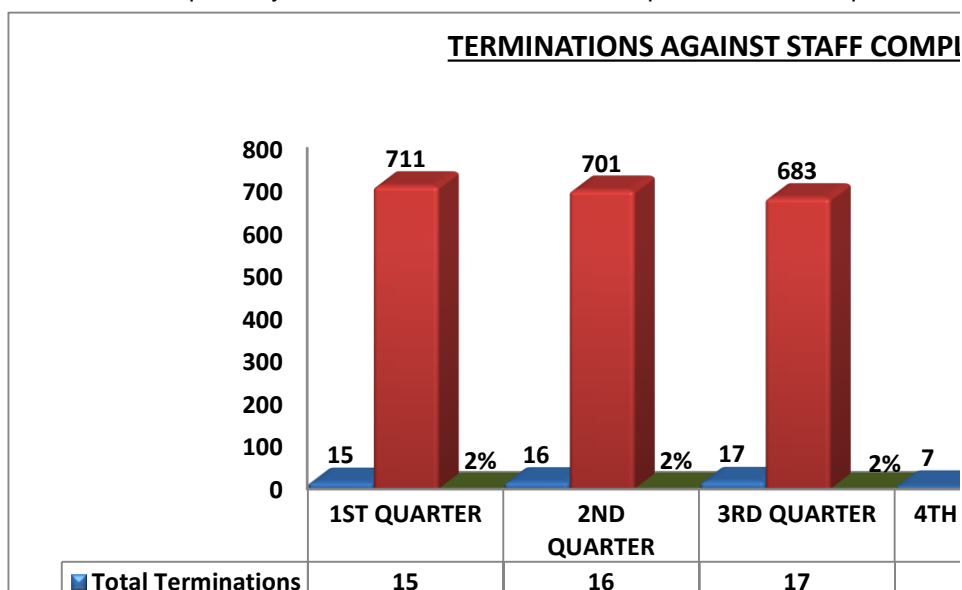


6.3 Terminations

Report on the total number of terminations as from July 2013 to June 2014 in each **occupational level**, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	0	0	0	0	0	0	1
Senior management	0	0	0	0	3	0	0	0	0	1	4
Professionally qualified and experienced specialists and mid-management	2	0	0	2	1	0	0	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3	3	0	1	1	0	0	0	0	0	8
Semi-skilled and discretionary decision making	9	0	1	1	3	0	0	0	0	0	14
Unskilled and defined decision making	12	0	0	1	4	2	0	1	0	0	20
TOTAL PERMANENT	27	3	1	5	12	2	0	1	0	1	52
Temporary employees	1	0	0	0	0	0	0	0	0	0	1
GRAND TOTAL	28	3	1	5	12	2	0	1	0	1	53

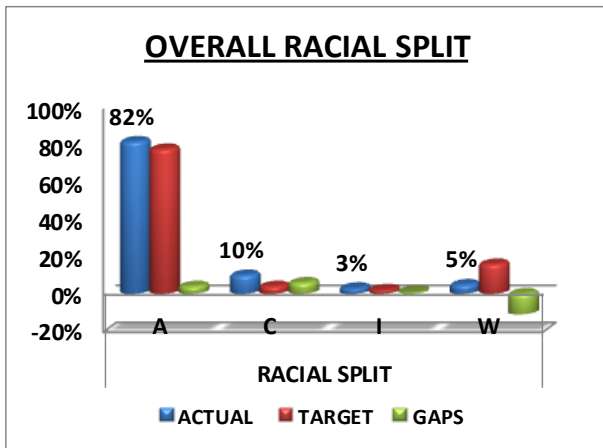
The graph below indicates the quarterly terminations rate from the 1st quarter to the 4th quarter.



6.4 Employment Equity Profile: Progress against targets as at 30 June 2014

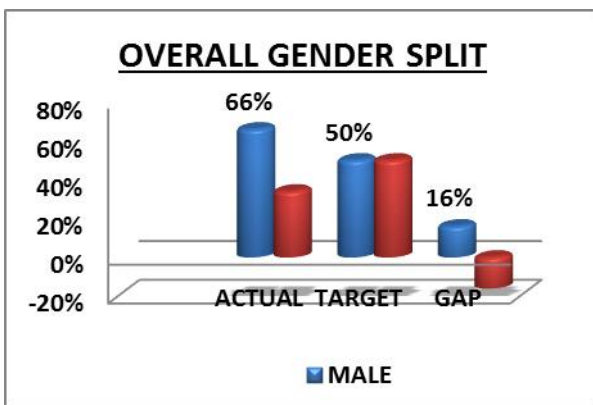
6.4.1 The Overall Racial and Gender split analysis

The graph and table below indicate the overall racial split of the entire organization. The non-designated group is currently under represented against the set targets. An attempt will be made to recruit suitably qualified white candidates for positions at certain occupational levels.



RACIAL	RACIAL SPLIT			
	A	C	I	W
ACTUAL	82%	10%	3%	5%
TARGET	78%	4%	2%	16%
GAPS	4%	6%	1%	-11%

The graph and table below indicate the overall gender split and shows an under-representation of females by 16%. Preference will be given to females as and when suitable positions become available through the normal recruitment and selection process. The new organizational design may present an opportunity for JPC to close these gaps.



GENDER	MALE	FEMALE
ACTUAL	66%	34%
TARGET	50%	50%
GAP	16%	-16%

People with Disabilities (PWD)

The Organization shows a 1% under-representation of people with disabilities against the set target of 2%. A targeted approach will be followed in appointing members from the PWD group in suitable positions once the new organizational structure is in place.



PEOPLE WITH DISABILITY	
ACTUAL	1%
TARGET	2%
GAP	-1%

The Employment Equity (EE) election process was finalized in the fourth quarter and a total number of 26 (twenty six) representatives were elected, including Organised Labour SAMWU and IMATU. Appointment letters were issued to all EE representatives and a 2-day workshop was conducted. The training was to assist the forum members to have a common understanding and approach on how to design, implement, manage and monitor Employment Equity processes in accordance with all legislative compliance requirements. The first official committee meeting took place on 28th June 2014 and the forum’s first deliverable seeks to finalize the first Employment Equity Plan for the integrated JPC before October 2014.

Section 3: Skills Development and Training

JPC is committed to investing in people. Our training and development objectives are:

- a. To ensure that the JPC has a professional, competent and diverse workforce
- b. To ensure that expenditure on learning and development is effective and contributes to the achievement of our strategic goals.
- c. To address the scarce and critical skills as identified and
- d. To contribute to the reduction of unemployment through the implementation of Bursaries, Internships and Skills Programmes.

Our focus during the 2013/2014 financial year was to capacitate our human capital internally through up-skilling, re-skilling and redeploying staff where necessary. The aim was to ensure business continuity during the transitional period and at the same time empower employees on skills and competencies that will enable the company to achieve the 2040 Strategic Objectives.

Training Priorities and Interventions

JPC successfully implemented twenty three (23) programmes during the period under review. This included basic, intermediary and advanced short courses, seminars and conferences

Training conducted against the targeted interventions during the 2013/2014 financial year

Training completed - Q1 (July to September 2014)	Training completed - Q2 (October to December 2014)	Training completed - Q3 (January to March 2014)	Training Completed – Q4 (April to June 2014)
1. Report writing	Fire Fighting	First Aid Level 1	National Treasury
2. Negotiation skills	Payroll Report Writing	Business Writing	Strategic Budget Implementation Master class seminar
3. Facilities Management Programme	Basic Plumbing training	Power-Point /MS Word Fundamentals	Executive Assistance Symposium
4. National Treasury Training	Facilities Management Programme	MS Excel (Intermediate, Advanced)	VIP Labour Relations Act Amendment
5. BCEA Seminar	National Treasury Training	VIP Payroll and Taxation	Audit and Risk Indaba conference
6. First Aid level 1	Occupational Health and Safety	Communication Skills	Employment Equity Training
7. Fire Fighting Level 1	Minute Taking	Firefighting level 1	
8.		National Treasury training	
9.		Performance Management training	

Training Breakdown

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	3	0	2	1	1	2	1	0	10
Senior management	5	0	0	0	6	1	0	0	12
Professionally qualified and experienced specialists and mid-management	10	1	1	7	7	1	2	5	34
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	10	0	0	1	5	1	1	1	19
Semi-skilled and discretionary decision making	9	1	0	1	27	2	1	0	41
Unskilled and defined decision making	27	5	2	1	4	4	0	0	43
TOTAL PERMANENT/FTC	63	7	5	11	50	11	5	6	159
Temporary employees	0	0	0	0	0	0	0	0	0
GRAND TOTAL	63	7	5	11	50	11	5	6	159

Section 4: Performance Management

The group performance management framework and policy was well received within the ranks of management at JPC. Most of the managers targeted for training, have now been trained on the system and a mop-up training session will be conducted in the 2014/2015 financial year.

JPC acknowledges that meeting our strategic objectives will require a new performance driven culture, therefore one of the key deliverables of the OD Project includes the refining and/or simplification of the performance management policy to ensure maximum buy-in at all levels in the organization.

The JPC strategy proposes a revision of the performance management system that will ensure that strategic outputs are defined divisionally and further interpreted on a personal level. Over the next few months our aim is to create a shared philosophy on how performance must be managed within JPC; one that will encourage cross-divisional collaboration and interdependence for the successful achievement of targets.

In addition, an investigation into various options of incentive schemes linked to performance management is being explored.

Section 5: Employee Wellness

JPC is committed to improve the quality of life of all its employees through the provision of quality, sustainable and lifelong Wellness Programmes that works towards the holistic development and support of all employees in a professional and confidential manner.

The main objective is to provide support and assistance to alleviate the impact of everyday work, personal and family challenges and improve existing services offered to employees. To encourage employees to participate in educational and awareness campaigns and disease screening that help identify and reduce health risks before serious health problems occur and to allow better management of existing conditions. The intention is to build partnerships with organisations and health care providers in order for employees to access health care, screenings and follow up assistance to identify and manage health issues and preventable illness. Arrangements are made for a wellness and health day planned for 23 July 2014 to encourage employees to maintain a healthier life style.

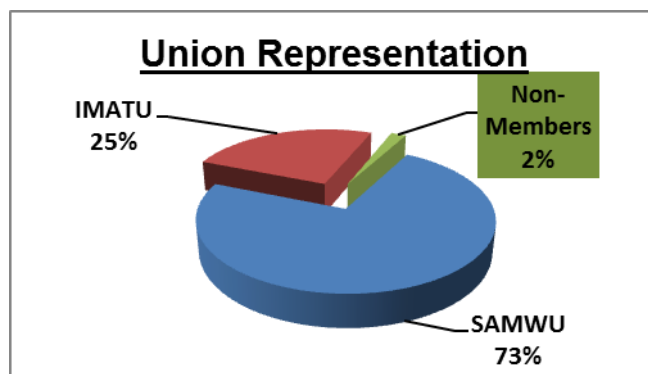
Section 6: Labour Relations

JPC promotes sound employee relations to ensure consistency and fairness in the interpretation and application of applicable provisions of the Constitution, Labour Relations Act, other relevant Legislation, Policies and Collective Agreements entered into at the relevant structures from time to time.

We regard our trade unions as a key stakeholder group to achieve the above objective and believe that establishing relationships should be linked to our core values of trust and mutual respect.

Union Representation at JPC

From a total staff complement of 678 employees as at end of June 2014, 664 employees or 98% of JPC employees are unionized. These numbers necessitate a very structured labour relations approach to ensure a harmonious working environment. Through regular meetings with the Local Labour Forum (LLF) and ad-hoc bi-laterals with unions where the need arises, JPC management has succeeded in building a mutually beneficial relationship with labour.



Harmonisation of Conditions of Services

JPC has concluded the consultation process in terms of the harmonization of Conditions of Service, following the section 197 transfer. The Collective Agreement which will regulate the new conditions was tabled at the LLF during the fourth quarter and will be finalised during the first quarter of the 2014/2015 financial year. Below are some of the conditions of services on employee benefits that were negotiated, concluded and implemented.

- 13th Cheque for all permanent employees effective 01 November 2013.
- Employer Contribution of 15% to the E-Joburg pension fund effective 01 January 2014.
- Employer contribution of 60% towards the accredited Medical aids effective 01 January 2014.

Demarcation dispute settlement agreement

The pending demarcation dispute presents a regulatory risk for the entity. Finalising the settlement agreement will assist in clarifying issues and enable a more effective labour relations landscape. The matter will remain as a standing agenda item at the Local Labour Forum (LLF) until resolved.

Section 7: Human Resources Policies

Human Resources policies are regarded as the cornerstone of our day-to-day operations, directing and guiding the organisational decision making. In November 2013 the JPC Board resolved to adopt fifteen (15) Group Human Resources Policies which included the Group Performance Management Policy.

The final adoption of the fifteen Group Human Resources policies was however subject to:

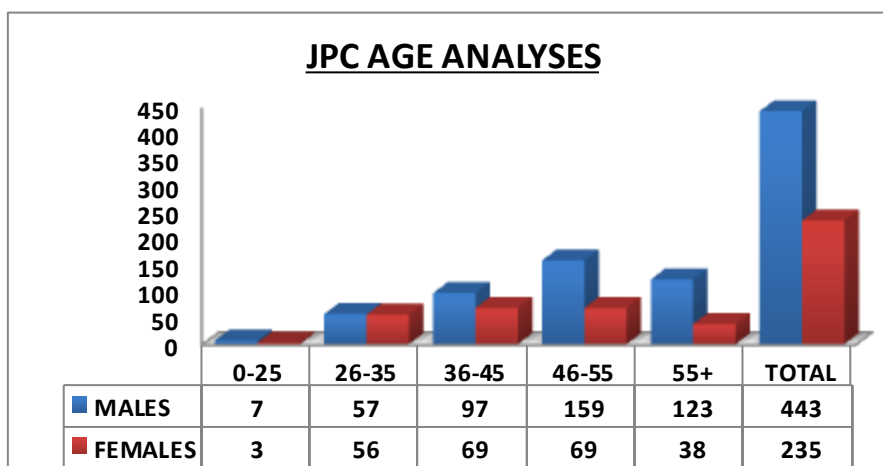
1. A further investigation into the alignment between these policies and the JPC 2040 strategy,
2. Ensuring that all policies are 100% compliant with the applicable labour legislation
3. Consultation at the Local Labour Forum and
4. Customizing it to the JPC's context.

An examination of the JPC 2040 strategy, the Human Capital Management Strategy and the applicable Human Resources policies, revealed a strong and positive alignment between the strategy and these policies. The policies were further subjected to legal vetting and are currently in the process of being customized to the JPC context.

In instances where policies are not covered by the Group HR policies, the erstwhile policies apply. The policy training workshops with employees will commence as soon as consensus on the HR policies are reached at the LLF level.

Section 8: Age Analyses

The graph below indicates that most employees fall within the age categories 46-55 and above 55 which indicates a rapidly ageing workforce. JPC will mitigate this risk through proper workforce planning and focusing on the employment of youth.



Section 9: Employee Costs

PC Annual personnel expenditure for 2013/2014 financial year

Expenditure Description	First Quarter July 2013 to Sept 2013	Second Quarter Oct 2013 to Dec 2013	Third Quarter Jan 2014 to March 2014	Fourth Quarter April to June 2014	Total Combined Employee Cost for 2013/2014
Total Cost to Company	44 352 058	54 471 479	44 814 294	49 805 839	193 443 670
Training and Development	434 745	244 709	942 484	631 126	2 253 064
TOTAL SPENT	44 786 803	54 716 188	45 756 778	50 436 965	195 696 734
% Training Spend against Total Budget	70%	40%	153%	102%	91%
% Training Spend against Salary Bill	1%	0.45%	2%	1%	1%

The above table illustrates that JPC achieved a 91% spent against the total budget and achieved the target of spending at least 1 % of the salary bill on training and development initiatives.

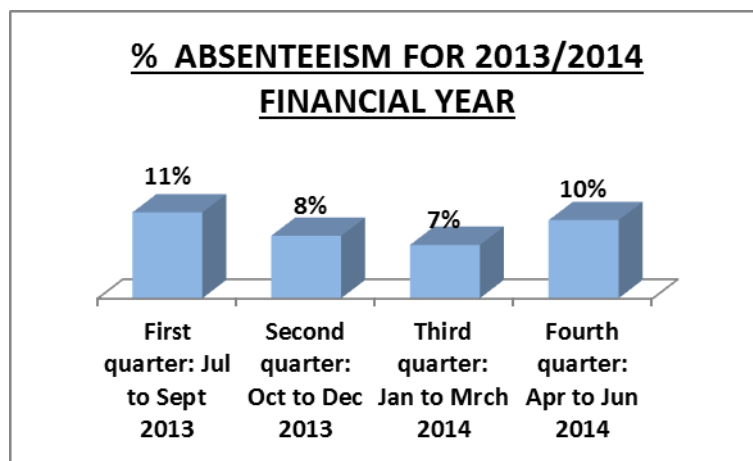
Outstanding Debts owed by personnel

DEBTOR CODE	AMOUNT	REASON
900COJ	2 234	Overpayment Acknowledgement of Debt
INKY004	19 603	Overpayment Acknowledgement of Debt
MAV002	16 072	Overpayment Acknowledgement of Debt
NON004	19 603	Overpayment Acknowledgement of Debt
Total amount	57 512	

All debtors have signed acknowledgements of debt and monies are being recovered as per agreements.

Total cost of Absenteeism for 2013/2014 financial year

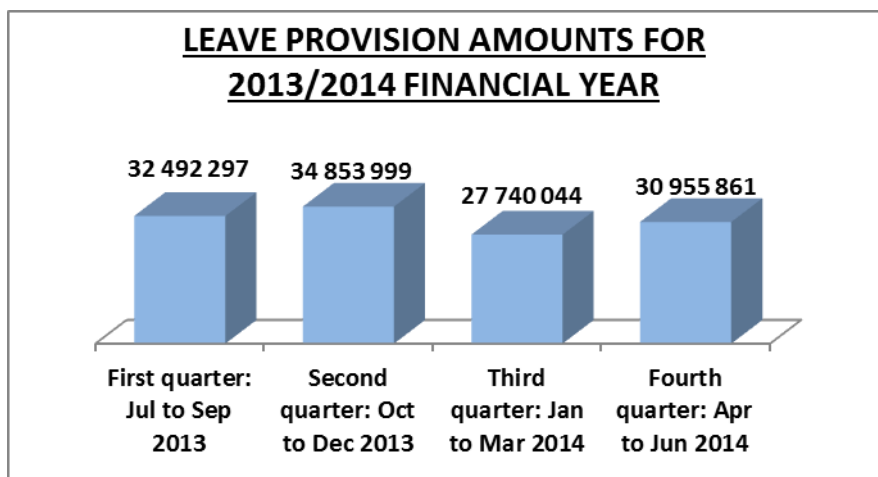
Quarterly	No. of Days	% Absenteeism	Total Cost
First quarter: Jul to Sept 2013	1 778	11%	1 332 545
Second quarter: Oct to Dec 2013	1 304	8%	957 260
Third quarter: Jan to March 2014	337	7%	873 088
Fourth quarter: Apr to Jun 2014	1 519	10%	1 503 398
TOTAL	4 938	9%	4 666 291



Absenteeism is monitored on an ongoing basis to measure its impact on productivity. Interventions such as training for line managers on how to deal with absenteeism, and employee counseling have been put in place to reduce the cost of absenteeism in the new financial year **Leave Provision quarterly for the 2013/2014 financial year.**

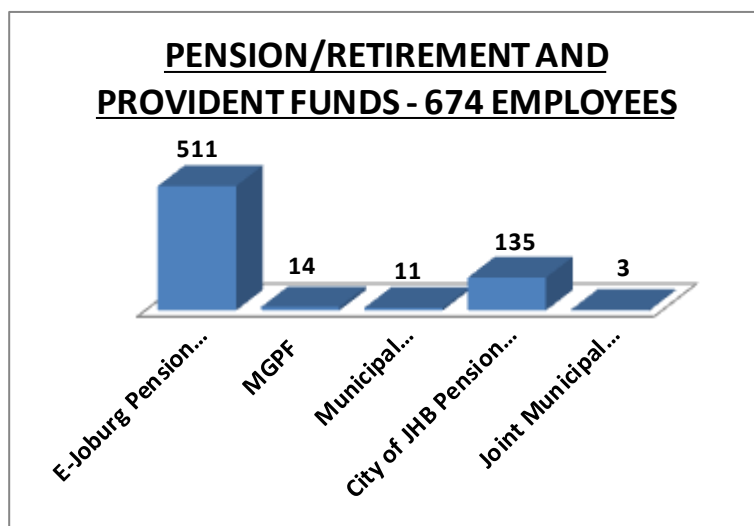
LEAVE PAY PROVISIONS			
Quarterly	JPC	FMM	Amount
First quarter: Jul to Sep 2013	16 398 019	16 094 277	32 492 297
Second quarter: Oct to Dec 2013	18 495 701	16 358 297	34 853 999
Third quarter: Jan to Mar 2014	15 772 085	11 967 958	27 740 044
Fourth quarter: Apr to Jun 2014	15 603 349	15 352 512	30 955 861
TOTAL	31 375 434	27 320 470	58 695 905

The leave liability for JPC is currently being managed by encouraging employees to take annual leave as per the requirements of the leave management policy.



Pension / Retirement Fund and Provident Fund Membership, Defined contributions and defined benefits as at 30 June 2014.

PENSION / RETIREMENT AND PROVIDENT FUND	TOTAL SPLIT	REMARKS
E-Joburg Pension Fund	511	Defined Contributions
MGPF	14	Defined Contributions
Municipal Employees Pension Fund	11	Defined Contributions
City of JHB Pension Fund	135	Defined Benefits
Joint Municipal Workers Pension Fund	3	Defined Benefits



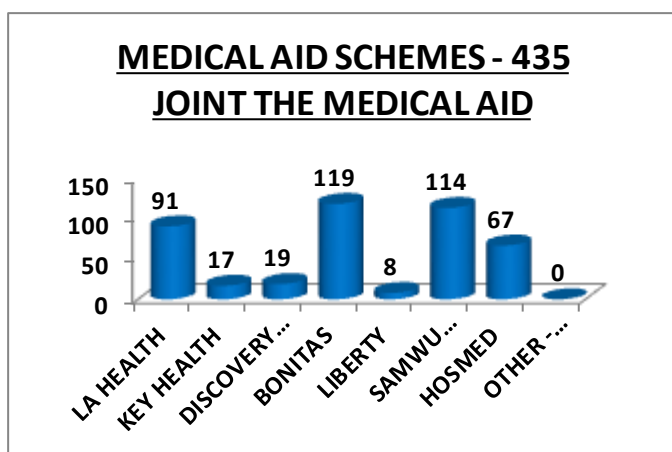
The employees who are not affiliated with the above funds are either contract workers or employees who have already exceeded the retirement age requirement in terms of the applicable pension fund rules.

The table and graphs below indicate the accredited medical aid schemes and the membership as at June 2014.

As part of the harmonization of conditions of service, all JPC employees were offered the benefit of a 60/40 employer/employee contribution to any of the accredited medical schemes. Medical aid is however not

compulsory across all levels in the organization, hence the statistics below. As part of our commitment to the wellbeing of our employees, we are currently investigating suitable options to ensure that all employees are covered by medical aid going forward.

MEDICAL AID SCHEMES	
LA HEALTH	91
KEY HEALTH	17
DISCOVERY HEALTH	19
BONITAS	119
LIBERTY	8
SAMWU NATIONAL MEDICAL SCHEME	114
HOSMED	67
OTHER - PRIVATE (CONFIRMED)	0
TOTAL STAFF WITH MEDICAL AID	435



Analysis of Employee not on the JPC Medical Aid Schemes

GRADE	OCCUPATIONAL LEVEL	NOT ON COMPANY MEDICAL AID	NOT ON MEDICAL AID	PRIVATE MEDICAL AID
11	SEMI SKILLED	157	FMM	
10	JNR OPERATOR	21	FMM	
9	SNR OPERATOR	28	FMM	
8	ARTISAN/OFFICER/SPECIALIST	18	FMM	
6	JNR MANAGERS	8	6 NOT ON MEDICAL AID	2 PRIVATE MEDICAL AID
5	MIDDLE MANAGERS	8	1 NOT ON MEDICAL AID	7 PRIVATE MEDICAL AID
4	SNR MANAGERS	1	1 NOT ON MEDICAL AID	
3	EXCO MANAGERS	1	1 NOT ON MEDICAL AID	
2B	TOP MANAGEMENT	1	N/A SECTION 57	
		243	234	9

- Salary scales 11-8 (General workers to Artisans) are for FMM employees and cannot afford membership fees
- Level 6- 3 (ass managers to Exco Managers) have opted not to join JPC medical schemes
- 9 x employees have declared membership to medical aid schemes in their private capacity

The company has been tasked to investigate possible ways to address the risk of employees without medical aid and must report back to REMCO.

CHAPTER FIVE: FINANCIAL PERFORMANCE





ANNEXURE A: ANNUAL FINANCIAL STATEMENTS

The signed audited annual financial statements for JPC are attached hereto as Annexure A.



CHAPTER SIX: AUDITOR-GENERAL'S AUDIT FINDINGS



Section 1: Auditor-General’s Report for the Current Year

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

Please refer to the Annual Financial Statements set out in Chapter 5 and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter.

	2010/11	2011/12	2012/13	2013/14
Audit Opinion	Unqualified	Unqualified	Unqualified	Unqualified

The external audit is conducted once a year by the Auditor General. The JPC received an unqualified audit report with emphasis of matter for the previous financial years. Matters reported on by the Auditor General in the previous financial year were successfully resolved and cleared.

Section 2: Audit Findings and Remedial Action

During the current financial year, management engaged Operation Clean Audit and developed an OPCAR register to address the audit findings raised by Auditor General in the 2012/2013 financial year. This bore fruit as all the prior year’s audit findings and internal control deficiencies were cleared in the current financial year.

The following issues were raised by the Auditor General for the year ended June 2012/13.

Irregular expenditure of R11 133 421 was identified as a result of non-compliance with supply chain regulations, as this expenditure did not meet the requirements of regulation 36(1). The irregular expenditure originated from the integration of both FMMUU and MTC and was disclosed by management to the auditors after an overview performed by management prior to preparation of the annual financial statements presented to the Auditor General for audit.

Furthermore, some non-compliance with the supply chain regulations was identified and has been addressed in the review of the supply chain policy.

Improved internal controls were implemented on the supplier database in the supply chain to ensure that it is complete and accurate following the integration of different databases from ex-MTC and ex-FMMU. For all ten (10) audit findings raised in the prior financial year, management developed an action plan to ensure that the root causes are addressed and they do not become repeat audit findings.

ANALYSIS OF 2012/13 AUDIT FINDINGS

	NEW IN 2012/13	REPEAT FINDING	ACTIONS TO RESOLVE
Matters affecting audit opinion	1	0	Preparations of Annual Financial Statements Ensure that the AFS are adequately reviewed prior to submission to curb material adjustments after submission.
Important matters	6	0	Supply chain management The new supplier database will be complete with all required fields being inserted by December 2013. The new supplier data base be reviewed by management and audited by internal audit for full compliance. Request for quotations will be uploaded onto the website for seven days JPC will procure a system used to verify if suppliers are in the employ of state Performance information Monitoring of performance targets will be done regularly and mitigating factors for non-achievement will be reported and appropriate action will be taken
Administrative matters	2	0	Asset register The new asset register be completed and implemented by December 2013 The new asset register be reviewed and audited by internal audit for full compliance The asset disposal forms will be enhanced to eliminate elements of human error

Section 3: Commitment by the Board of Directors

As reflected on pages 4 and 6 of the attached JPC Annual Financial Statements (Attached hereto as Annexure A), the Board of Directors and the Audit and Risk Committee is satisfied that the internal controls are effective, although there is always room for improvement. Additionally, the Board is satisfied by the remedial action taken by management in addressing the Auditor General’s audit findings with the initiative of the OPCAR.



PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2014

JPC Annual Performance Information against the scorecard			Prior Year - 2012/2013		Current Year – 2013/2014	
No	KPA Description	KPI Description	Annual Target	Actual	Annual target	Actual
1	Revitalization of Central Business Districts and Strategic Utilization of Underutilized Inner City Economic Assets	1.1. A central Business Districts revitalization programme using CoJ land Target Achieved.	N/A	N/A	Refurbishment of the Randburg Fire Station to the value of R10 million (cumulative) and construction of the Multichoice Campus to the value of R440 million.	The Randburg construction is in progressed. Refurbishment of the Randburg Fire Station = R9 million (cumulative) Multichoice Campus = R480 million. Maintenance for Jabulani Civic Centre and Roodeport has been completed.
		1.2. The remodeling of the Inner City Property Scheme and the property portfolio /enhancement. Identify 10 buildings to be acquired and released to the market for development	N/A	N/A	5 properties acquired	10 Properties Acquire via abandonment agreements
2	Sustainable Human Settlements Marginalized Area Program Back Yard Shack enablement program. Facilitation of area based economic initiatives	2.1 Identification of 2000 under the land regularization programme.	N/A	N/A	2 000 Identified	A cumulative total of 2459 properties and land identified.



JPC Annual Performance Information against the scorecard			Prior Year - 2012/2013		Current Year – 2013/2014	
No	KPA Description	KPI Description	Annual Target	Actual	Annual target	Actual
3	SMME and Entrepreneurial Development and support	3.1 Creating a sustainable SMME sector in the CoJ, Enterprise Development Platform; 4600 SMMEs supported via platform	N/A	N/A	4 600 SMMEs supported	3 452 SMMEs supported
		3.2.1 300 jobs created from land and facilities management transactions	1 585 Jobs Created	1 942 Jobs Created	1 300 Jobs Created	2 348 Jobs Created
		3.3. 1200 short-term jobs (internships) created	N/A	N/A	1 200 Jobs Created	3 971 Jobs Created
		3.4. Allocation of land and buildings to support the development the CO-OP sector in DED Coop Strategy and in line with the COJ food security priority	N/A	N/A	100 Co-ops developed	5 Co-ops developed
		3.5. Implementation of projects under the	N/A	N/A	100 Jobs Created	110 Jobs Created



JPC Annual Performance Information against the scorecard			Prior Year - 2012/2013		Current Year – 2013/2014	
No	KPA Description	KPI Description	Annual Target	Actual	Annual target	Actual
		youth desk to mainstream youth development and economic development programmes for youth				
4	Investment Promotion	4.1. Third party investment on COJ property	R238 million	345.23 million	R500 million	R770 million
5	Financial Sustainability Priority Clean Audit	5.1 Asset Verification: Desk Top Verification	7 200 Verified	8 895 Verified	36 000 Verified	36 269 Verified
6	Financial Sustainability Program, Capital Management Programs	6.1. Facilities Management Plans that incorporates an energy savings plan and retrofit initiatives and Space Optimization Plan that incorporate workplace accommodation to ensure better staff mobility.	N/A	N/A	Facilities Management and space optimisation plan for all Regions.	The space optimisation plan for all regions was concluded. CAD Drawings at Metro Centre in preparation of roll out of Metro Centre upgrading is continuing with current capacity. – 80% complete
7	Sustainable Human Settlements- Transit Oriented Developments	7.1. Acquisition of Properties in line with the Transit Oriented Development Nodes and the Housing Master Plan.	N/A	N/A	3 properties purchased and agreements signed	10 properties acquired in line with the Housing Master Plan.



JPC Annual Performance Information against the scorecard			Prior Year - 2012/2013		Current Year – 2013/2014	
No	KPA Description	KPI Description	Annual Target	Actual	Annual target	Actual
8	Leveraging on City-owned assets	8.1. Number of beneficiaries benefiting from EPWP Programmes/ number of jobs created	1 585 Jobs Created	1 942 Jobs Created	1 300 Jobs Created	2 348 Jobs Created
		8.2. 1200 short-term jobs (internships) created	N/A	N/A	1 200 Jobs Created	3 971 Jobs Created
		8.3. Implementation of projects under the youth desk to mainstream youth development and economic development programmes for youth	N/A	N/A	100 Jobs Created	110 Jobs Created
9	Enterprise and property skills development to emerging industries	9.1. Develop and launch the incubator programme for emerging industries	Launch the incubator programme by June 2013. Five (5) companies incubated	A pilot project was implemented in the Potato Sheds development project and a joint venture established between the main contractor WBHO and Fikile Construction	N/A	N/A



JPC Annual Performance Information against the scorecard			Prior Year - 2012/2013		Current Year – 2013/2014	
No	KPA Description	KPI Description	Annual Target	Actual	Annual target	Actual
		9.2. Launch and roll out the property skills programme for emerging industries	Roll out the property skills programme by June 2013	153 candidates were trained in the following categories; 34 women, 37 male and 79 in the youth category.	N/A	N/A
10	Promote Joburg as a sought after property investment destination	10.1. Host a Joburg Municipal Property Summit	Municipal Summit held	Joburg Municipal Property Summit was held 16 and 17 April 2013.	N/A	N/A
11	Council-owned property management	11.1. Brand land parcels; strategic buildings and construction sites	Brand 15 land parcels Eight strategic buildings Two construction sites	15 land parcels Eight strategic buildings Two construction sites	N/A	N/A
12	Council-owned property management	12.1. Verify Council-owned property and maintenance of the fixed asset register	Verify 7,200 (100%) of properties and maintenance of the fixed asset register	8,895 properties	N/A	N/A
		12.2. Conduct highest and best use analysis on COJ properties	Conduct highest and best use analysis on 300 properties	365 analysis conducted	N/A	N/A
13	Leveraging of City-owned Assets	13.1. Transfer properties to targeted beneficiaries	Transfer 150 properties to targeted beneficiaries	Properties Registered: 156	N/A	N/A
		13.2 Conduct audit of vacant non-residential stands/properties	Audit 2,160 (30%) of non-residential stands/properties	2,209 properties audited	N/A	N/A



JPC Annual Performance Information against the scorecard			Prior Year - 2012/2013		Current Year – 2013/2014	
No	KPA Description	KPI Description	Annual Target	Actual	Annual target	Actual
14	Revenue maximisation utilising City’s property portfolio	14.1 Rand Value of land sales, acquisitions and completion of developments	R50 million received of land sales, land acquisitions and completion of developments	R41,7 million	N/A	N/A
15	Leveraging of private sector investment in property projects – investment is realised on construction	15.1 Third party investment on COJ property	R238 million third party investment	R345,235 million	N/A	N/A
16	Ensure financial sustainability by seeking alternative sources of revenue and maintaining prudential ratios and benchmarks	16.1 Maintain a sound ratio of cost coverage	Maintain a sound ratio of not less 1:1 or a favourable ratio	0.02:1	N/A	N/A
		16.2 Maintain a sound liquidity ratio	Liquidity ratio should be >1.00	5.51:1	N/A	N/A
17	Ensure overall effective financial management	17.1 % spent on the City’s capital budget	100%	93%	N/A	N/A
		10.2 % variance on the operating budget	0% over the budgeted amount	32.16% under the budget	N/A	N/A
		17.3 Attainment of clean audit report	Unqualified audit report at the end of 2012/13 FY Tracking of the 11/12 auditor general findings	On-going monitoring and submission of regular progress report to COJ	N/A	N/A
18	Increase in the spending to specific targeted firms owned by specific categories of HDI (BEE, women, disabled, youth, etc.)	18.1 Increase in the spending to specific targeted firms owned by specific categories of HDI (BEE, women, disabled, youth, etc.)	85%	98%	N/A	N/A



JPC Annual Performance Information against the scorecard			Prior Year - 2012/2013		Current Year – 2013/2014	
No	KPA Description	KPI Description	Annual Target	Actual	Annual target	Actual
19	Informal settlements to sustainable settlements	19.1 Upgrading of facilities by means of installation of boiler gas stoves	40 gas stoves	40 gas stoves	N/A	N/A
		19.2 Renovation of the accommodation that meets the OHASA regulations and unlocking value of the accommodation to market related rentals	70%	65%	N/A	N/A

Of the total number of 12 targets planned for the year two (2) was not achieved, which represents 17% of the total planned targets. This was mainly due to the fact that the integration process necessitated that a comprehensive risk management on supply chain management processes to procure goods and services be performed, which delay the completion of some key deliverable son the scorecard.

Legend

N/A – this means either that the KPI was reported in the prior year but was not included in the current financial year, or that the KPI was not there in the prior year and it was a new KPI for the current financial year.

Approved By:

Helen Botes
JPC Managing Director