

a world class African city



City of Joburg Property Company SOC Ltd Integrated Annual Report

2015/2016
Registration No: 2000/017147/07



About this Report

The City of Joburg Property Company SOC Ltd (JPC) is pleased to present its annual report for the year 1 July 2015 – 30 June 2016. JPC was established in 2000 as a private company, wholly owned by the City of Johannesburg Metropolitan Municipality (CoJ), and it converted into a State-Owned Company after the implementation of the Companies Act of South Africa, 2008 (Act No 71 of 2008).

As such, it complies with the Companies Act and as Municipal Entity, the Company is also subject to the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), Municipal Systems and its applicable regulations. Further entrenching its commitment to high standards of corporate governance JPC ensures it strives for compliance with the King Report on Corporate Governance for South Africa 2009 (the King III report), code and principles. (For more details and an overview of the Company governance structure, please refer to chapter 2 of this report.)

Management aims to adopt the guidelines outlined in the International Integrated Reporting Council's Framework as appropriate in future years. Materiality has been applied in determining the content and disclosure in the report.

Company Information

Registration number:	2000/017147/07
Registered address:	1st Floor Forum II Braam Park 33 Hoofd Street Braamfontein
Postal address:	PO Box 31565 Braamfontein 2017
Telephone number:	+27 010 219 9000
Fax number:	+27 010 219 9400
Website:	www.jhbproperty.co.za
Bankers:	Standard Bank South Africa
Auditors:	Auditor-General of South Africa

Vision

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

Mission

JPC is the manager of the property assets of the City of Johannesburg (CoJ), 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.

Values

Our Company values provide an ethical foundation and are fundamental to our success.

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust



Acronyms and Abbreviations

Acronym/abbreviation	Name/phrase
AFS	Annual Financial Statements
AOPO	Audit of Predetermined Objectives
ATR	Annual Training Report
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
CAPEX	Capital Expenditure
CBD	Central Business District
CBO	Community-based Organisation
CoJ	City of Johannesburg Metropolitan Municipality
FMM	Facilities Management and Maintenance
GCSS	CoJ: Group Corporate Shared Services
GDS 2040	Growth and Development Strategy 2040
GIAMA	Government Immovable Asset Management Act
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
GRI	Global Reporting Initiative
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IAS	International Accounting Standards
IT	Information Technology
IMATU	Independent Municipal and Allied Trade Union
JMPD	Johannesburg Metro Police Department
JoshCo	Johannesburg Social Housing Company
JPC	City of Joburg Property Company SOC Ltd
JRA	Joburg Roads Agency
LIS	Land Information System

Acronym/abbreviation	Name/phrase
LLF	Local Labour Forum
MEs	Municipal Entities
MFMA	Municipal Finance Management Act, 2003
MMC	Member of the Mayoral Committee
MOE	Municipal-Owned Entity
MSA	Municipal Systems Act
MTC	Metropolitan Trading Company
NGO	Non-Governmental Organisation
OCM	Organisational Change Management
OD	Organisational Design
OHASA	Occupational Health and Safety Act
OPCAR	Operation Clean Audit Register
OPEX	Operational Expenditure
OSO	Office Space Optimisation
PIMS	Property Information Management System
POWA	People Opposing Women Abuse
REMCO	Remuneration and Human Resources Committee
RFP	Request for Proposal
SAMWU	South African Municipal Workers' Union
SAPOA	South African Property Owners Association
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDM	Service Delivery Model
SMME	Small, Medium and Micro-Enterprises
SOC	State Owned Company
UNGC	United Nations Global Compact
WSP	Workplace Skills Plan

PANEL OF ATTORNEYS

AF van Wyk Attorneys, Bibi Rikhotso Attorneys, Bowman Gilfillian, Brink Cohen Le Roux, Collin Nciki Inc, Edward Nathan Sonnenberg Inc, Koikanyang Inc, Kunene Ramaphala Botha, Lennon Moleele & Partners Inc, Madlanga and Partners Inc, Malebye Motaung Mtembu, Mchunu Attorneys, Mdlulwa Nkhuulu, Mkhabela Huntley Adekeye Inc, Mncedisi Ndlovu and Sedumedi Attorneys, Mogaswa Attorneys, Mojela Hlazo, Moodie and Robertson, Norton Rose Fulbright, Nozuko Nxusani, Padi Inc, Poswa Inc, Prince Mudau and Associates, Ramushu Mashile Twala Inc, Ranamane Mokalane Inc, Saljee Du Plessis Van der Merwe, SM Nkadameng, Webber Wentzel and WerkmansNingiza Horner Inc, Padi Inc, Rahman, C.Ngubane and Associates Seleka Attorneys, Lennon Moleele and Partners, Makamela Attorneys, Nchupetsang Attorneys, Phungo Inc, Wakaba and Partners, Popela Maake Madhlopa Inc Mahlaola Inc, Dlamini Attorneys, Denga Inc, Mathipane Tsebane Attorneys, Mohamed Rander and Associates, Tshiqi Zebediela, Koikanyang Inc, Prince Mudau and Associates, Phambane Mokone Inc, Moloko Phooko Attorneys, Nandi Bulabula, Medupi Lehong, Molefi Dlepu Inc, KG Tserkezis, Ramatshila Mugeru Attorneys, Derrocks Attorneys, Twala Attorneys, Dali Matlana, Ismail Dahya, Selebogo Inc, TP Khoza Attorneys, Madlanga and Partners, BM Kolosi, Hugo Ngwenya Medium, Malebye Motaung Mthembu, Whalley and Van Der Lith Prinsloo Inc, Kunene Ramapala Inc, Nothemba George Attorneys, Mothe Jooma Sabdia Inc, Kgokong Nameng Tumagole Inc, Madiba Motsia Masitenyane & Girithi Attorneys Large, Bowens Gildenhuys, Malatji Inc ENS Africa, Cheadle Thompson and Hayson, DLA Cliffe Dekker, Hogan Lovell Bowman Gilfillian,

Contents

IV	CHAPTER ONE
	CORPORATE PROFILE AND OVERVIEW
1	Highlights
2	Corporate Profile
2	Strategic Objectives
4	JPC's High-Level Organisational Structure
5	Foreword by Member of the Mayoral Committee
6	Chairperson's Review
7	Chief Executive Officer's Review
8	Chief Financial Officer's Review
9	Company Secretary's Certification
10	Statement of Responsibility
12	CHAPTER TWO
	GOVERNANCE
13	Corporate Governance Statement
14	Board of Directors
18	Board Committees
20	Directors' Remuneration
22	Executive and Senior Management
25	Company Secretarial Function
25	Risk Management and Internal Controls
26	Internal Audit Function
27	Corporate Ethics and Organisational Integrity
27	Sustainability Report
30	Anti-Corruption and Fraud
30	ICT Governance
31	Supply Chain Management and Black Economic Empowerment
32	CHAPTER THREE
	SERVICE DELIVERY PERFORMANCE
33	Core Business
33	Day-to-day Operations
33	Highlights and Achievements
34	Portfolio Profile
70	Financial Performance
71	Capital Projects
72	Performance Monitoring Against the Scorecard
76	Assessment of Arrears on Municipal Taxes and Service Charges
78	CHAPTER FOUR
	HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT
79	Human Capital Management
82	Employment Equity
85	Disciplinary Matters and Outcomes
87	Employee Wellness
91	Occupational Health & Safety Programmes
94	CHAPTER FIVE
	FINANCIAL PERFORMANCE
95	Annual Financial Statements
135	CHAPTER SIX
	AUDITOR-GENERAL'S AUDIT FINDINGS
136	Auditor-General's Report for the current year
136	Audit Findings and Remedial Action
137	Commitment by the Board of Directors
140	General Information

1

Corporate Profile and Overview

- 1 Highlights
- 2 Corporate Profile
- 3 Strategic Objectives
- 4 JPC's High-Level Organisational Structure
- 5 Foreword by Member of the Mayoral Committee
- 6 Chairperson's Review
- 7 Chief Executive Officer's Review
- 8 Chief Financial Officers' Review
- 9 Company Secretary's Certification
- 10 Statement of Responsibility

Highlights

JPC achieved 92% against performance scorecard.

Social

- During the 2015/16 financial year, 4 130 SMME's were supported by the JPC.
- In the 2015/2016 financial year, a total of 4 240 jobs opportunities were created.
- JPC's Land Regularisation Programme, together with Mayor Parks Tau, managed to deliver 630 Title deeds in regions C, D and F.

Operational

- Office Space optimisation –Completion of the Council Chamber Superstructure and interior designs;
- Corridors of Freedom - 22 Properties acquired along the Transit Oriented Development against a target of 26.
- Ablution facilities 100 % planned and completed for repairs and maintenance.

Financial

- Rental income from leases and servitudes sales, servitudes, and acquisition was R131m, exceeding the target by R21m.
- Third party investments in COJ property transaction/ investments in construction was R423m, with the target exceeded by R23m.



JPC provides:



Management Key Drivers Underpinning all JPC's Activities:



Corporate Profile

JPC's business

JPC is a dynamic and visionary company mandated to manage and develop the CoJ's property portfolio. The diverse portfolio covers 50 000 hectares across seven municipal regions.

JPC maximises social and commercial opportunities within the CoJ's portfolio to unlock value and support the City's growth and development strategy aimed at making Johannesburg a "World-class African City".

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

<p>JPC's Flagship Properties</p>	<p>Office Space Optimisation New City Development Johannesburg City Wide</p>
<p>Projects Completed in 2015/2016</p>	<p>City Lodge Hotel development Newtown February 2016 Bara Retail shops March 2016 Kgoro Development Sandton. September 2015 Newtown Filling Station upgrade May 2016. The Cambridge, Bryanston</p>
<p>Properties in progress at year-end</p>	<p>Refurbishment of the Jabulani Amphitheatre. Rissik Street Post Office OSO Office Space Optimisation</p>

Strategic Objectives

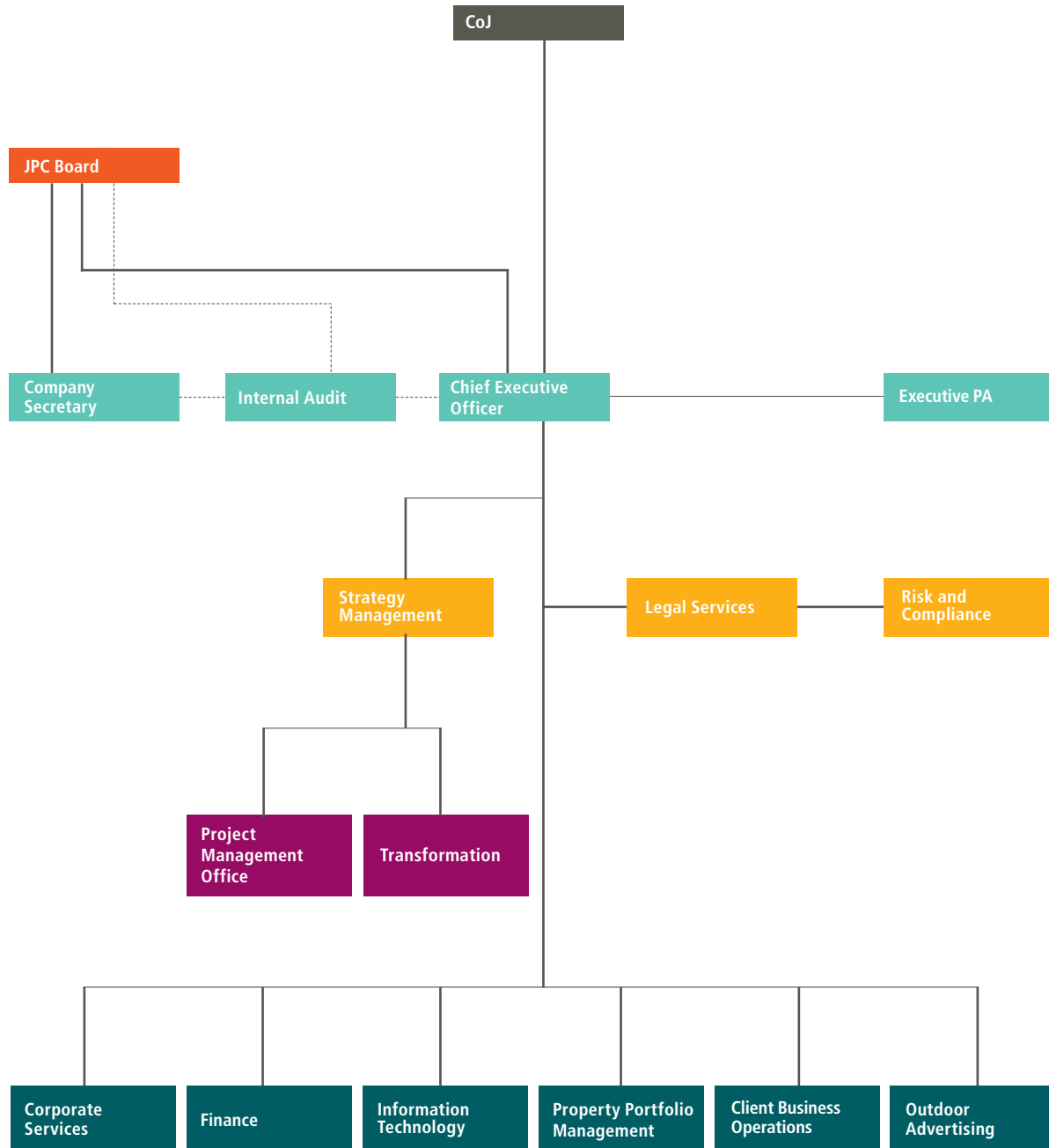
JPC's primary goal in supporting the vision and mission of the 2040 Growth and Development Strategy (GDS) is based on recognising and emphasising its role as an economic and social property agency to achieve positive developmental outcomes. These strategic objectives are aligned with the strategies of the Economic Growth, Human and Social Development, Sustainable Services and Governance Clusters, as well as various Integrated Development Plan (IDP) programmes. In synchronising the various strategic objectives, JPC has identified the following as strategic objectives:

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

Newtown Mall



JPC's High-Level Organisational Structure



CEO's Office and Direct Reports



Foreword by Member of the Mayoral Committee

“JPC plays an important role in the Integrated Development Plan (IDP) and the Growth and Development Strategy 2040 (GDS 2040) of the City to unlock land and drive development, especially in underdeveloped and previously marginalised areas. Shopping malls and all associated goods and services must be within easy reach of consumers.”

COUNCILLOR RUBY MATHANG | MMC | Economic Development

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 this financial year, JPC undertook an institutional review to ensure that there are improved efficiencies in the whole organisation, with the key focus on improving on the land release processes. Property is a catalytic tool to enhance social cohesion and the proactive absorption of the poor, and is the main driver of transformation. Property is about unbundling land in a strategic manner to enable the development of the economy.

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

JPC plays an important role in the Integrated Development Plan (IDP) and the Growth and Development Strategy 2040 (GDS 2040) of the City to unlock land and drive development, especially in underdeveloped and previously marginalised areas. Shopping malls and all associated goods and services must be within easy reach of consumers.

If this can be accomplished, it will lead to less pressure on inflation and a better quality of life for all. JPC has embraced this challenge and is taking steady steps to ensure that it becomes an efficient manager of the property assets of the CoJ. This approach ensures a focused organisation that will deal holistically with all properties owned by the City and managed by JPC.

While we are mindful of the complex challenges, it is our total commitment to service delivery, combined with a spirit of determination, that has resulted in the improved provision of service. This is confirmed by the performance of JPC against the scorecard as well as delivering on key projects like Newtown Junction. In conclusion, I wish to recognise the efforts and commitment of JPC’s Board and Employees. 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 CoJ.

A handwritten signature in black ink, appearing to read 'R Mathang', written in a cursive style.

Ruby Mathang
Councillor



Chairperson's Review

"One of the notable events in the year under review was the Board's approval of, and the subsequent participation of JPC at the SAPOA 50th Anniversary Conference of 2016, as SAPOA'S Principal Platinum sponsor. This was in line with JPC's objective to increase awareness of its brand and advance its Transformation Strategy."

ANDILE MABIZELA | Chairperson | Board of Directors

It gives me great pleasure to submit the JPC Annual Report (AR), as published. The AR covers the period from 01 July 2015 to 30 June 2016.

The first part of the year saw a concerted effort on the part of Management and the Board in preparatory work. Management and the Board reviewed the approved 2015 Corporate Strategy of the JPC in a workshop designed to ensure alignment with the JPC 2015/16 Business Plan and the Service Delivery Agreement (SDA) concluded between the Company and the shareholder in 2014. This preparation was invigorated by the collective synergy to deliver on the mandate of the Company, as outlined in the Business Plan and SDA;

The second part of the year under review was characterised by the implementation of the plans that the Company put in place in the first quarter. The Board went on an excursion to inspect some of the sites, that showcased the work done by JPC as well as the impact thereof on the service delivery imperatives of the entity. One such site the Board visited was the construction site of the Council Chamber. This construction forms part of the Office Space Optimisation Programme led by JPC.

One of the notable events in the year under review was the Board's approval of, and the subsequent participation of JPC at the SAPOA 50th Anniversary Conference of 2016, as SAPOA'S Principal Platinum sponsor. This was in line with JPC's objective to increase awareness of its brand and advance its Transformation Strategy. To this end, JPC will deepen engagements with SAPOA beyond the Conference to build on the dialogues JPC began with SAPOA at the event, on Transformation of the Property Industry in general and specifically, the implementation of the entity's Transformation Strategy. In the year under review, the Board welcomed three new Board members, namely: Mr Lindani Mabuza, Mrs Maggie Mojapelo and Adv Matshidiso Mogale, following their appointment at the AGM the Shareholder held on 15 March 2016.

The year was not without its challenges, most significantly, the reduction of the budget of the entity by the shareholder. This may have, amongst other things, affected the ability of the entity to secure the appropriate human capital to drive delivery of JPC's strategic objectives. However, the Board trusts that Management will together with the shareholder, put in place sound regulatory and any other appropriate measures to cushion JPC against any effects such reduction may have on its deliverables. Both Management and the Board are encouraged year in and year out that JPC is a benefactor of continuous support from the Shareholder, MMC Ruby Mathang, Chief Executive Officer of the Company, the Executive Team and their teams. The year under review was no different; The Board and Management remain steadfast in their commitment to improve operational efficiencies and to achieve the strategic performance targets of the Company.

The Board is satisfied with progress made to date by the entity in pursuing service excellence.

Andile Mabizela

Chairperson



Chief Executive Officer's Review

“The Office Space Optimisation (OSO) programme has made significant progress in the current financial year. JPC is proud to report that the milestones of the programme are developing gracefully and targets that were set for the year under review were met with the construction of phase one set to begin early in the next financial year.”

HELEN BOTES | Chief Executive Officer

It is with great honour that I present the Annual Report 2015/16 of the performance of the City of Joburg Property Company SOC Ltd (“JPC”). The amount of hard work we have put into the realisation of the Company’s objectives is reflected in this report. The Company continues to register commendable progress in the execution of its mandate. We are building on a firm foundation of the approved corporate strategy of the entity.

I am pleased to announce that JPC has continued to spend the full allocated R132m in CAPEX for the financial year under review on various key projects that were undertaken, compared to the R125m that was fully spent in the prior year that translates into a 100% CAPEX spend. Furthermore, JPC achieved 92% of the annual targets as highlighted in the company scorecard, and this is a sign of a performance driven entity that seeks to achieve excellence.

During the year, JPC created over 4000 job opportunities through execution of various projects and also supported 4347 SMME’s. For the 2016.2017 financial years, a number of Jozi@Work programmes will be delivered that will create a number of job opportunities to the local communities in support of local economic development.

An internal audit was executed, and a further series of internal audits were undertaken for the financial year under review. The outcomes of the internal audit reports reflect that the control environment of JPC has continuously improved. All internal audits for the year under review, and the prior year Auditor General audit findings have been cleared as part of the process that is gearing up for the clean audit.

JPC is embarking on a progressive consultative land strategy programme that will see a detailed comprehensive analysis of every possible piece of land owned by the CoJ, land neighbouring that of the municipality, and land along the corridors and within development nodes. The land strategy is a forward looking strategy and will direct the City of Johannesburg as to when, how, and under what conditions to release, dispose, acquire, and bank land. JPC will be embarking on an in-depth consultative programme with not just government departments, but also with the private sector as well.

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

Helen Botes
Chief Executive Officer



Chief Financial Officer's Review

“The conclusion of the final quarter of 2015/16 has seen a significant turnaround in the financial performance and financial position of the entity when compared year-on-year to 2014/15. Analysis of revenue and expenditure trends indicated that JPC would likely achieve a breakeven position by 30 June 2016.”

IMRAAN BHAMJEE | Chief Financial Officer

In preparation for the financial year end, an internal audit was utilised to determine the effectiveness of the internal control environment leading up to the external audit by the Auditor General in August 2016. The internal audit concluded on no findings across Finance, Supply Chain and Human Resources and indicates that the control environment remains effective.

The conclusion of the final quarter of 2015/16 has seen a significant turnaround in the financial performance and financial position of the entity when compared year-on-year to 2014/15. Analysis of revenue and expenditure trends indicated that JPC would likely achieve a breakeven position by 30 June 2016. JPC has since exceeded this prediction and concluded the financial year with a profit before tax of R8.3 million. Profitability has been achieved by meeting 96% of all revenue targets defined in the 2015/16 budget and spending 93.3% of the operating expenditure budget.

The turnaround is most evident in the statement of financial position. Intercompany creditors have reduced from R221 million, in 2014/15, to R73 million in 2015/16, with the intention of settling all intercompany debt by the conclusion of the 2016/17 financial year. The cash position of the entity resides at positive R77.8 million, as a result of a R210 million reduction in intercompany debtors. The cash reserves will be extensively managed and utilised in the settling of intercompany and external creditors, while being cognisant of the cash requirements of the entity to securely fund its strategic and operational requirements.

That being said, the solvency ratio of the entity resides at 1.29:1 against a COJ defined norm of 1:1. This is the highest the solvency of the entity has been since 2012/13. The risks to financial sustainability and commercial insolvency have decreased significantly from the precarious position the entity found itself in at 30 June 2015.

This bodes well for the entity in the financial years going forward as financial sustainability has proven to be a contentious challenge to grapple with in post-integration JPC.

Imraan Bhamjee
Chief Financial Officer

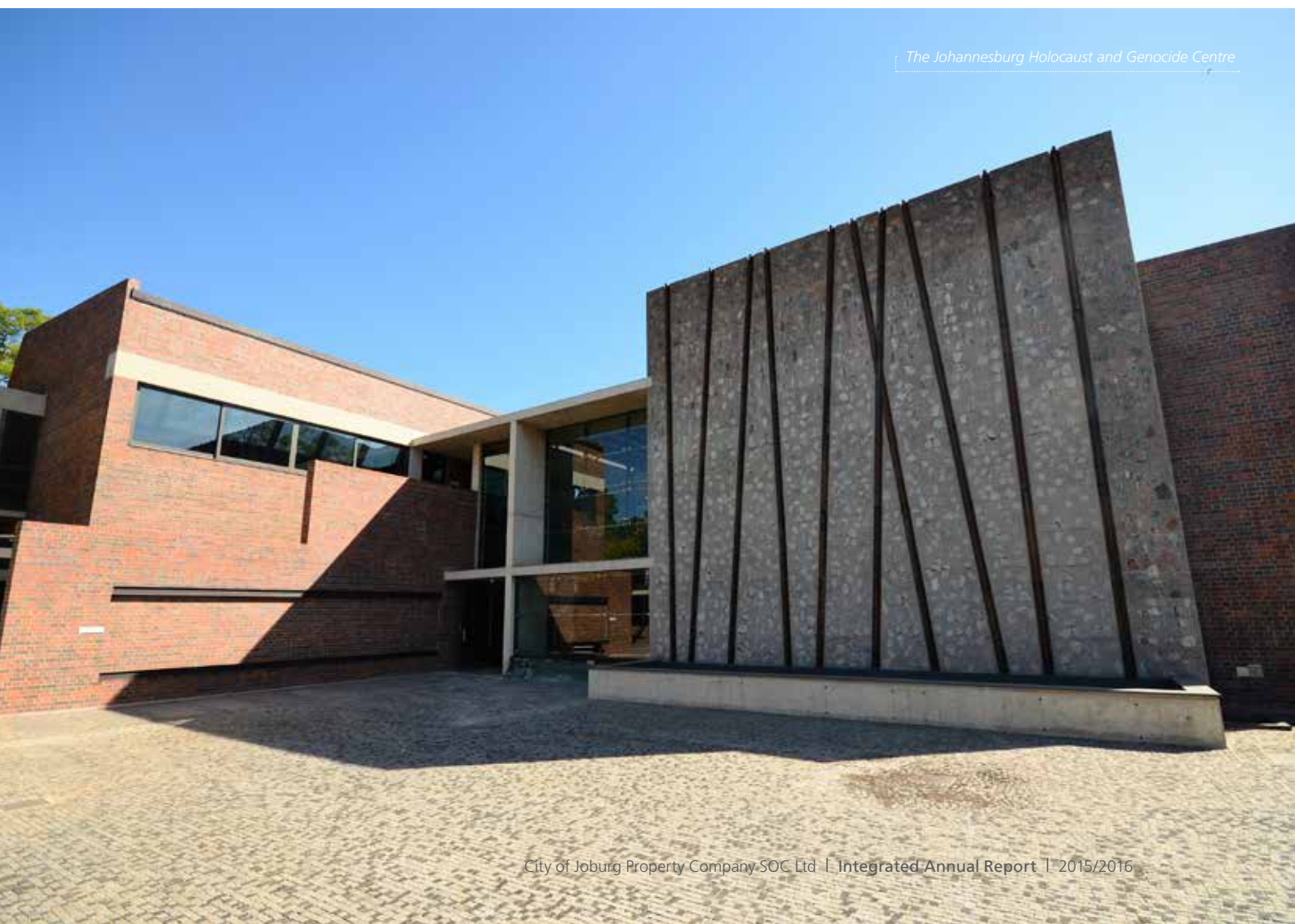
Company Secretary's Certification

In my capacity as Company Secretary, I hereby confirm, in terms of section 88(2) (e) of the Companies Act No 71 of 2008 of South Africa, that for the year ended 30 June 2015, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required in terms of this Act and that all such returns, to the best of my knowledge, are true, correct and up-to-date.



Tshepo Mokataka
Acting Company Secretary

The Johannesburg Holocaust and Genocide Centre



Statement of Responsibility

The Directors are required by the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and the Companies Act, 2008 (Act No 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 that period. 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 them 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 the 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.

Based on the information and explanations given by management, the Directors are of the opinion 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.

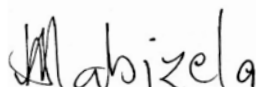
The Directors have reviewed the Company's cash flow forecast for the year ending 30 June 2016 and in light of this review and the current financial position, they are satisfied that the Company has or will have access to adequate resources to continue in operational existence for the foreseeable future. The financial statements are prepared on the basis that the Company is a going concern.

Although the Board of Directors is 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, prepared on a going concern basis, have been approved by the Board of Directors in August 2016.



Helen Botes
Chief Executive Officer



Andile Mabizela
Chairperson



City Lodge hotel

2

Governance

13	Corporate Governance Statement
14	Board of Directors
15	The Board
18	Board Committees
20	Directors' Remuneration
22	Executive and Senior Management
25	Company Secretary Function
25	Risk Management and Internal Controls
26	Internal Audit Function
27	Corporate Ethics and Organisational Integrity
27	Sustainability Report
30	Anti-corruption and Fraud
30	ICT Governance
31	Supply Chain Management and Black Economic Empowerment

OSO Metro Centre Precinct Development

Corporate Governance Statement

The Board and Management of the JPC are committed to maintaining the highest standards of corporate governance by ensuring that the Company's ethics are managed effectively through building an ethical culture, setting ethical standards, measuring adherence, and incorporating ethics into risk management, operations, performance management, and disclosure.

This Corporate Governance Statement therefore describes the governance principles and practices of the JPC in relation to the ethical values of good corporate governance founded on the four primary pillars of responsibility, accountability, fairness, and transparency as envisioned in the King III Report.

This statement also describes how JPC has applied the principles set out in the Companies Act 71 of 2008 (the Companies Act), the Municipal Systems Act (MSA), the Municipal Finance Management Act (MFMA), the policies and agreements entered into with its sole shareholder, CoJ as well as standards of best practice.

Application of King III

The entity has incorporated the CoJ's Corporate Governance Protocol in its Board Charter in line with the governance principles contained in the King III report and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes, and procedures.

Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices.

The entity practices are, in most material instances, in line with the principles set out in the King III Report.

Group's Governance Framework

The City's Governance Framework assists the City as a group to better understand the governance structure and principles required to ensure effectiveness and accountability. This indicates that the conception of the City as a "Holding Company" with "Subsidiaries" is reinforced and the alignment and consistency of the City and Group policies is achieved through setting of consistent performance standards.

Ethical Leadership

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society, and the environment. In its deliberations, decisions, and actions, the Board is sensitive to the legitimate interests and expectations of the Company's stakeholders.

Corporate Citizenship

The Board and Management recognise that the entity's responsibility is to protect, enhance, and invest in the well-being of the economy, society, and natural environment. The Board therefore ensures that Management pursues the Company's activities within the limits of social, political, and environmental responsibilities outlined in international conventions on human rights.

Compliance with Laws, Rules, Codes and Standards

The Board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.

Board of Directors

The entity has a unitary Board that consists of Executive and Non-Executive Directors. The Board is chaired by a Non-Executive Director, Mr A Mabizela, who has no executive functions. The roles of Chairperson and Chief Executive Officer are separate, with responsibilities clearly divided between them.

The Board meets regularly, at least quarterly, and is accountable to the shareholder to ensure delivery of the JPC's strategy and service delivery objectives, however, CoJ as a 100% shareholder retains full control over the Company.

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 Monthly, Quarterly, Bi-Annual, and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA. Non-Executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board.

The term of office of the Non-Executive Directors is subject to review at the Annual General Meeting and a performance evaluation of the Board is independently conducted at the end of each financial year. Any shortcomings arising therefrom are addressed and areas of strength consolidated.

The performance of each committee is evaluated by the Board against each committee's terms of reference.

Attendance at meetings held during the year was as follows:

No.	Board	ARC	REMCO	Transactions	SEC	Transformation
1	24 July 2015	15 Jul 2015	16Jul 2015	16 July 2015	15 Oct 2015	16 Jul 2015
2	14 Aug 2015 *Strategic Planning	20 Aug2015	16Oct2015	27 Aug 2015	08 Feb 2016	19 Feb2016
3	28 Aug 2015	15 Oct 2015	15Feb2016	07 Sept 2015	18 Apr2016	18 Apr2016
4	21 Sept 2015	19 Nov 2015	21Apr2016	9 Feb 2016		
5	22 Sept 2015 *Risk Workshop	8 Feb 2016	18May2016	18 Apr 2016		
6	26 Oct 2015	6 Apr 2016				
7	19 Nov 2015	16 May 2016				
8	28 Jan 2016					
9	8 Mar 2016					
10	24 Mar 2016					
11	25 Apr 2016 *Board Strategic					
12	26 Apr 2016 *Board Strategic Session					
13	23 May 2016					
Total	13	7	5	5	3	3

*Board Strategic Workshops, and Risk Workshops

Attendance 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 to all relevant legislation.

The Board

Governance Structure

JPC BOARD

Executive Directors

Ms HM Botes (Chief Executive Officer)

Mr IM Bhamjee (Chief Financial Officer)

Independent Non-Executive Directors

Mr. Andile Mabizela (Chairperson)

Professor A. Nevhutanda

Mr. Mphethi Morojele

Mr. Moeketsi Rabodila

Ms Maggie Mojapelo

Mr. Floyd Ntombela

Pastor Ceniva Kai

Adv. Matshidiso Mogale

Mr. Lindani Mabuza

AUDIT AND RISK COMMITTEE

Mr V Mokwena

Mr G Mufana and

Mr Y Gordhan

Non-Executive Directors

Advocate M Mogale

Mr M Rabodila

M L Mabuza

REMUNERATION AND HUMAN RESOURCES COMMITTEE (REMCO)

Ms M Mojapelo (Chairperson)

Prof A Nevhutanda

Mr F Ntombela

Pastor C Kai

TRANSFORMATION COMMITTEE

Mr F Ntombela (Chairperson)

Mr M Rabodila

Pastor C Kai

Mr L Mabuza

SOCIAL AND ETHICS COMMITTEE

Pastor C Kai (Chairperson)

Prof A Nevhutanda

Mr F Ntombela

TRANSACTIONS COMMITTEE

Prof. A Nevhutanda (Chairperson)

Mr M Rabodila

Mr L Mabuza

Adv M Mogale

Mr M Morojele

The Board continued



HELEN BOTES
 (Chief Executive Officer)
 Executive Director

Expertise and experience
 Helen Botes brings expertise and experience in treasury and banking, money market trading, trading of financial instruments, foreign exchange, raising of the first City bonds and retail bonds for CoJ. She is an expert in economic development, property development and management.

Qualifications
 MBA; Diploma in Treasury Management and Executive Leadership Development Programme

IMRAAN BHAMJEE
 (Chief Financial Officer)
 Executive Director

Expertise and experience
 Imraan brings vast experience in financial management; auditing; risk; process and control mapping; management consulting; product management; relationship management.

Qualifications
 Compt Honours; Accreditation as Registered Government Auditor (RGA); Advance Certificate in Auditing; Leadership Management; CTA

ANDILE MABIZELA
 (Chairperson)
 Non-Executive Director

Expertise and experience
 A lawyer with an economics background, Andile Mabizela has Worked for many years in financial Services, namely at 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) University of Zimbabwe; LLB (University of Natal – Pmb)

CENIVA KAI
 Non-Executive Director

Expertise and experience
 Pastor Kai served as the Managing Director of Karabo Media's KYDO radio station. He is experienced in strategic planning and development as well as operational and budget management skills within the media sector. He also was the News and Features Editor for Karabo Media. He also has served as a Pastor at the Assemblies of God Church, and as President of the Metsimaholo Churches Fellowship. Pastor Kai is also a member of the HR and Remco subcommittee of the Board.

Qualifications
 Certificate in Leadership and a Diploma in Ministerial Training; Strategy Management Certificate

LINDANI MABUZA
 Non-Executive Director

Expertise and experience
 Mr Mabuza is currently employed as the Chief of Staff, Wealth and Investment Management at Barclays Africa Group. Mr Mabuza has a proven track record during his extensive period of service with the Barclays Group. Mr Mabuza has vast Executive management, Corporate Banking and Public sector experience. Mr Mabuza was recently awarded a Fellowship to participate in the Harvard Business School's 2017 General Management Programme.

Qualifications
 BCom (Financial and Management Accounting), Diploma in Commerce (DCom) Business Administration, MBA (UCT).



ADV MATSHIDISO MOGALE

Non-Executive Director

Expertise and experience

Adv. Matshidiso Mogale is an admitted Advocate of the High Court of South Africa with Legal and Public Sector work experience. Adv. Mogale began her career working in the Administration of Deceased, Trust and Insolvency of Estates of the Department of Justice. She joined the Department of Local Government & Traditional Affairs as a Deputy Director of the Legal Services Unit. Adv. Mogale has also served as Deputy Director- General of the North West Province branch of the Department

Qualifications

LLB (Univ. of Pretoria); Admission as Advocate; Honours: Management & Development (Potch Univ.) management.

MAGGIE MOJAPELE

Non-Executive Director

Expertise and experience

A strategist; business developer and seasoned Human Resource (HR) expert, Maggie has held Directorships/ leadership positions within the private and public sectors. She has served as a Non-Executive Director of Metrobus, owns an HR consultancy business and is a former HR Director of Coca-Cola (Pty) Ltd (SA); Nedbank Limited; Avon Justine (Pty) Ltd (SA) and HR Manager at IBM.

Qualifications

BA (HONS) (Univ. of Limpopo); BA (Education) (Univ. of Limpopo); HR Diploma (Unisa) and MAP (Wits) MBA (Henley)

MPHETHI MOROJELE

Non-Executive Director

Expertise and experience

Mr Mphethi Morojele is the owner and founder of MMA Architects, an award winning design studio based in Johannesburg. He was previously appointed as a lecturer and Studio Master at the University of the Witwatersrand. He has extensive experience in both the private and public sector. 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(UCT) and Master of Science in Architecture.

PROFESSOR ALFRED NEVHUTANDA

Non-Executive Director

Expertise and experience

Professor Nevhutanda is a Professor of Environmental Sciences from the Eco Energy Academy in Azerbaijan. He has participated in various structures in both the public and private sector, including being the current chairperson of the National Lotteries Board, The former Convenor of the Social Transformation Committee of the Limpopo Province, 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 (Eco Energy Academy in Azerbaijan), Diploma in Management, MBA (MANCOSA), Masters of Music, Doctor of Music (University of Pretoria), Masters in Education, Doctor of Education (UNISA)

FLOYD NTOMBELA

Non-Executive Director

Expertise and experience

Mr Floyd Ntombela is National Head of Business Development and Client Liaison at NBC Holdings. Mr Ntombela is passionate and has extensive experience in the field of retirement funds, as well as 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

Expertise and experience

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 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 MBA

Board 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; and
- Transformation Committee.

Audit and Risk Committee

The Audit and Risk Committee consists of the following three Independent Committee members:

- Mr V Mokwena;
- Mr G Mufana; and
- Mr Y Gordhan.

Three Non-Executive Directors:

- Advocate Mogale;
- Mr M Rabodila; and
- M L Mabuza.

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 Audit and Risk Committee operates in accordance with written terms of reference approved by the Board, as well as the legislative framework of the Municipal Finance Management Act, No 56 of 2003 (MFMA), the Companies Act No 71 of 2008, as well as various other applicable acts and regulations, 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 code of ethics.

The Audit and Risk Committee addressed its responsibilities in line with the terms of reference and the MFMA during the year under review. Management has reviewed the financial statements with the Audit and Risk Committee.

The Committee met seven times during the period under review.

Remuneration and Human Resource Committee

Remuneration and Human Resource Committee (REMCO) consists of the following Non-Executive Directors:

- Ms M Mojapelo (Chairperson)
- Prof A Nevhutanda
- Mr F Ntombela; and
- Pastor C Kai.

The Remuneration and Human Resources Committee advises the Board on Remuneration Policies, Remuneration Packages, and other terms of employment for Senior Management. Its specific Terms of Reference also include recommendations to the Board on matters relating inter alia, Human Resources policies, Executive Remuneration, and other Human Resources and Remuneration affairs of the Company.

The Committee met five times in the period under review and discussed issues in line with its approved Terms of References.

Transactions and Service Delivery Committee

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

- Prof A Nevhutanda (Chairperson);
- Mr M Rabodila;
- Mr L Mabuza;
- Adv M Mogale; and
- Mr M Morojele.

All property transactions are considered by the Transactions Committee that 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 Reference as approved by the Board

The Committee met five times in the period under review and discussed issues in line with its approved Terms of References.

Social and Ethics Committee

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

- Pastor C Kai (Chairperson);
- Prof A Nevhutanda; and
- Mr F Ntombela.

The purpose 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 social and economic development, including the Company's standing in terms of the goals and purposes, good corporate citizenship, the environment, health and public safety, consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws and labour and employment.

The Committee met three times in the period under review.

Board Committees continued

Transformation Committee

The Transformation Committee consists of the following Non-Executive Directors:

- Mr F Ntombela (Chairperson);
- Pastor C Kai;
- Mr M Rabodila; and
- Mr L Mabuza.

The purpose of the Committee is to produce a ground breaking intervention in transformative programs led by the JPC; to ensure the alignment of Transformation with the proposed JPC Corporate Strategy; to define how JPC will transform the property industry; to develop the Transformation Policy, Strategy and Implementation Plan; and to support the Transformation Strategic Framework through monitoring the development of detailed plans that ensures that every department within the Company delivers on transformation.

The Committee met three times in the period under review.

Directors Remuneration

Entity Remuneration policy

The directors of the JPC Board are appropriately rewarded for their valuable contribution to the Company. In line with King III the Remuneration Committee governs the remuneration process and recommends amounts to be paid to the Board.

As required by the Companies Act and other applicable municipal laws, directors' remuneration is approved by the shareholder. Non-Executive Director fees comprise a base and an attendance fee component.

Name of Director	Meetings Attended YTD	YTD Directors Payments as at 30 June 2016		
		Emoluments	Retainer charge	Total
Ms A Mabizela	16	171 120.00	45 626.00	216 746.00
Prof. AN Nevhutanda	21	118 658.00	22 816.00	141 474.00
Mr T Hickman	18	132 344.00	22 816.00	155 160.00
Ms PP Msweli	14	74 166.00	22 816.00	96 982.00
Mr JM Rabodila	24	133 491.00	22 816.00	156 307.00
Mr DF Ntombela	29	158 600.00	22 816.00	181 416.00
Mr M Mojerele	17	95 836.00	22 816.00	118 652.00
Mr C Kai	33	173 441.00	22 816.00	196 257.00
Dr. N Mabuya	12	65 034.00	22 816.00	87 850.00
Mr L Mabuza	9	50 198.00	-	50 198.00
Adv M Mogale	10	66 172.00	-	66 172.00
Ms M Mojapelo	5	30 802.00	-	30 802.00
Total		1 401 054.00	296 602.00	1 697 656.00

Independent Audit Committee Members' Remuneration

YTD Independent Members Payments as at 30 June 2016				
Name of Director	Meetings attended YTD	Emoluments	Retainer charge	Total
Mr G Mufana	8	45 632.00	22 816.00	68 448.00
Mr Y Gordan	8	45 632.00	13 309.33	68 448.00
Mr V Mokwena	7	39 928.00	22 816.00	62 744.00
Total		131 192.00	68 448.00	199 640.00

Executive Management Remunerations

YTD Executive Salaries as at 30 June 2016										
Employee No	Name	Basic salary YTD	Back Pay	Subsistence Allowance	Travel Allowance	Leave Pay	13th Cheque	Performance Bonus	Company Contributions	Total
109	MS. H.M Botes	1 484 533.77	769 565.79		249 999.96	-	-	280 000.00	29 125.63	2 813 225.15
247	Mr. I.M Bhamjee	1 371 503.53	-	1 765.00	96 000.00	-	-	193 461.88	290 681.09	1 953 411.50
103	Mr. M.V Tisani	1 245 334.19	-	-	-	-	-	-	268 284.50	1 513 618.69
104	Mrs. K. Padayachee	891 253.72	-	1 059.00	30 000.00	-	-	-	189 203.58	1 111 516.30
545	Mr. F. Sardianos	1 499 571.42	-	1 059.00	-	36 609.79	-	183 299.33	318 652.04	2 039 191.58
601	Mr. S.Z Mntungwa	1 499 570.24	-	-	-	38 335.69	-	191 677.61	318 752.87	2 048 336.41
000469	Mr. M.M Makhunga	998 850.78	-	-	96 000.00	-	50 885.67	-	218 461.65	1 364 198.10
Total		8 990 617.65	769 565.79	3 883.00	471 999.96	74 945.48	50 885.67	848 438.82	1 633 161.36	12 843 497.73

Executive and Senior Management

During the period under review, the following individuals constituted the management team under the leadership of the Chief Executive Officer.



HELEN BOTES
(Chief Executive Officer)
Executive Director

Expertise and experience

Helen Botes brings expertise and experience in treasury and banking, money market trading, trading of financial instruments, foreign exchange, raising of the first City bonds and retail bonds for CoJ. She is an expert in economic development, property development and management.

Qualifications

Diploma in Treasury Management and Executive Leadership Development Programme; MBA

IMRAAN BHAMJEE
(Chief Financial Officer)
Executive Director

Expertise and experience

Imraan brings vast experience in financial management; auditing; risk; process and control mapping; management consulting; product management; relationship management.

Qualifications

Compt Honours; Accreditation as Registered Government Auditor (RGA); Advance Certificate in Auditing; Leadership Management; CTA

STEMBISO MNTUNGWA
Executive Manager:
Property Development

Expertise and experience

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

Qualifications

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

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

Expertise and experience

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

Qualifications

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

MAKHOSI TISANI
Executive Manager:
Corporate Services

Expertise and experience

Human resources, organisational development, change and transformation management, ICT policy, strategy and governance, programme management, contract management.

Qualifications

BA (Hons) Rhodes University



**MUSAH
MAKHUNGA**
Head of Department:
Strategic Support (Acting)

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

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

**VERUSHA
MORGAN**
General Manager:
Property Asset
Management,
Compliance Officer and
Company Secretary

**Expertise and
experience**
Legal advice, wide-
ranging experience in
corporate governance,
compliance, the legal field,
executive management,
property asset
management and local
government, member of
IODSA and Compliance
Institute.

Qualifications
MBA; LLB (Hons);
Admitted Attorney;
Management
Advancement
Programme; Immoveable
Asset Management
Programme; National
Treasury Training

**MALA
PADAYACHEE**
Senior Manager:
Information Technology

**Expertise and
experience**
IT Strategy Development,
Development of IT Policies
and governances, Align
IT services with the needs
of business. Mitigate and
maintain IT Risk and Security,
System Development, System
Design, Hardware/software
and testing. Manage,
maintain, monitor and
evaluate IT systems.

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

**SIPHO
MBETHE**
Senior Manager: Outdoor
Advertising

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

Qualifications
Bachelor of Paedonomiae;
Senior Secondary School
Diploma

**TSHEPO
MOKATAKA**
Senior Manager: Legal

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

Qualifications
BA; LLB; Post Graduate
Certificate in Provincial
and Local Government
Law; Postgraduate
Diploma in Labour Law



Company Secretarial Function

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

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

Some of the key responsibilities included:

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

Risk Management and Internal Controls

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 as set out in chapter 5.

In order to meet its responsibility of providing reliable financial information, JPC 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 organisational structure, visions of responsibility and established policies and procedures, including a code of ethics to foster a strong ethical climate. These aspects are communicated to the parent municipality. The entity also carefully selects, trains, and develops its Employees in this regard. Internal auditors monitor the operation of the internal control systems and report findings and recommendations to Management and the Board of Directors. Corrective action is taken to address control deficiencies and other opportunities for improving the system as they are defined. The Board, operating through its Audit and Risk Committee, provides supervision 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. There are no undue, unexpected or unusual risks to be disclosed in the reporting period.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A documented and tested business continuity plan exists to ensure the continuity of business-critical activities. JPC assessed its internal control systems as at 30 June 2016 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual.

Risk Management and Internal Controls continued

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 Company believes that, as at 30 June 2016, its system of internal control over financial reporting and the safeguarding of assets against unauthorised acquisitions, use or disposition met that criteria.

Internal Audit Function

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

JPC’s Internal Audit Function has been outsourced to the independent firm, Nexia SAB&T for a period of three years. Nexia SAB&T reports directly to the Audit & Risk Committee of the board on a quarterly basis. The effectiveness of the Internal Audit Function is evaluated by the committee annually to ensure that it is able to deliver the quality services in line with the standards.

The table below indicates the outcome of the audits concluded in terms of the approved annual plan for the 2015/2016 cycle:

No.	Audit area	Conclusion on internal control
1.	Anti-Fraud and Corruption	Adequate and Effective
2.	Compliance with Legislation	Adequate and Effective
3.	Audit of Pre-determined Objectives	Adequate and Effective
4.	Finance	Adequate and Effective
5.	Fixed Assets Management	Adequate and Effective
6.	Supply Chain Management / Procurement	Adequate and Effective
7.	Contract Management	Adequate and Effective
8.	Human Resources and Payroll	Adequate and Effective
9.	Supply Chain Management/Procurement	Adequate and Effective
10.	Information Technology	Adequate and Effective
11.	Review AFS	Adequate and Effective

Resolving Internal Audit Findings

There are no unresolved internal audit findings.

Resolving Auditor-General’s Findings

The Audit General issued an unqualified audit opinion in the 2014/15 cycle, with two findings. JPC obtained a “clean audit” for the first time as a result of improved control measures. All the previous findings raised by AG with respect to prior audit periods were also resolved. There are no unresolved audit findings.

Corporate Ethics and Organisational Integrity

JPC wishes to contribute to sustainable social development and to responsible business practices. JPC has defined a set of basic corporate values, ethical guidelines, and corporate social responsibilities principles for the entity to achieve this. The ethical guidelines and other policy documents of JPC have been drafted on the basis of these basic corporate values.

An ethics risk profile was conducted in July 2014, with the intention of identifying the ethical risks for the organisation and coming up with practical mitigation measures for abating these risks. The results of the ethics risk profile were used for purposes of compiling a comprehensive ethics management plan. The plan was also reviewed as part of the consolidation process.

Sustainability Report

Health and Safety

JPC performs Facilities Management for the CoJ and, as a result, issues of public safety are high on the organisation's priority list. The Committee monitored the OHASA reports detailing the conditions of the public facilities under the management of JPC. The Committee considered some of the challenges faced by the Company in so far as implementing its Facilities Management plans are concerned.

Corporate Social Responsibility Report

The Company's Corporate Social Investment philosophy and function have, over the years, been broadly underpinned by the concept of sustainable development. The policy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors are attracted, and formerly disadvantaged communities are empowered.

The Non-Governmental Organisations are a major national initiative through which business and government have joined hands to support the following strategic interventions:

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



PROPERTY ASSET MANAGEMENT

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



PROPERTY MANAGEMENT

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



PROPERTY DEVELOPMENT

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



a world class African city



JOBURG
PROPERTY COMPANY



FACILITIES MANAGEMENT

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



OUTDOOR ADVERTISING

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

Anti-Corruption and Fraud

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 corruption.

JPC has a Fraud and Corruption Committee (FRACC) comprising six members tasked with 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, that have been reported to 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 regular basis. Incidents of fraud are investigated by FRACC and feedback is constantly provided to the Audit and Risk Committee and the Board. All fraud cases are further disclosed to the City as one of the Company's key stakeholders.

ICT Governance

King III and ISO 38500 recommend that ICT should be governed and managed at a political leadership and executive management level. This ensures that the delivery of ICT services is aligned with the Company's strategic goals.

ISO 38500 is an international standard for the corporate governance of ICT that provides a framework of principles for the executive authority and Management to govern and manage ICT.

The corporate governance of ICT is a continuous function that is embedded in all operations of the JPC, from executive authority and management level, to business and ICT service delivery. JPC's executive authority and Management need to extend corporate governance to ICT, providing the necessary strategies, architectures, plans, frameworks, policies, structures, procedures, processes, mechanisms, controls, and ethical culture. A comprehensive CoJ ICT Governance Maturity Assessment was conducted and the results indicated serious paucities in relation to compliance with the following leading ICT frameworks, standards, and guidelines:

- Control Objectives for Information and related Technology (COBIT);
- Information Technology Infrastructure Library (ITIL); and
- King III.

JPC acknowledges ICT as a strategic asset that forms an integral part of the delivery of its strategic business objectives. JPC's commitment to sound ICT governance is supported by ongoing efforts and activities to embed the King III Code of Governance Principles and recommendations. The focus in ICT governance is the establishment of various responsibilities, processes and supporting governance structures. The Company appointed an experienced IT professional to lead the IT business unit.

The Company endeavours to align its ICT resources and structures with performance and sustainability objectives. Following JPC's merger with the FMM and MTC the Company needs to focus on developing a sound ICT Governance Framework for the integrated Company to ensure its overall vision and strategy is attainable. It is essential that the framework is comprehensive, providing and addressing both demand and supply of the ICT Governance imperatives. The main objective of this framework is to ensure that ICT goals and investments are aligned to the JPC's business objectives and also supports the City's business objectives as outlined in the GDS 2040 and its overall transformation agenda.

JPC’s ICT Governance approach is founded on the following set of principles:

- Establish clearly understood responsibilities for ICT;
- Plan ICT to best support the needs of the Company;
- Acquire ICT validly. Ensure that ICT acquisitions are made for the right reasons in the right way, on the basis of appropriate and ongoing analysis;
- Ensure ICT performs well whenever required;
- Ensure ICT conforms to all external regulations and complies with all external regulations and internal policies and practices; and
- Ensure ICT use recognises and respects human factors. ICT must meet the current and evolving needs of all of the people in the process. In addition, the City Management acknowledges that to become a high performing Local Government Entity, JPC needs to enforce rigorous ICT Governance to:
 - Ensure that the business and ICT stakeholders are driving towards the same strategic objectives of the City;
 - Establish reliable financial and performance processes and metrics enabled by relevant IT systems and applications that support business decision making;
 - Actively manage the ICT Portfolio against business benefits and ensuring that the ICT budgets are a collaborative exercise between the business and ICT stakeholders;
 - Optimise the City’s existing ICT functions in order to obtain “true” value from ICT investments;
 - Seek continuous improvement around the use of ICT in the JPC; and
 - Ensure compliance with the ICT Regulatory Frameworks and Legislation.

Oversight of the entity’s ICT function was delegated to the ARC and the Committee kept this item as a standing Agenda item in the year under review. The Board will monitor and evaluate the entity’s IT investments and expenditure taking into account the best interest of the entity.

Supply Chain Management and Black Economic Empowerment

The Supply Chain Management Policy for goods and services for JPC was approved by the Board. It is aligned with the City’s Group Supply Chain Management Policy as well as the Municipal Finance Management Act and its Regulations, and the National Treasury Guidelines and Practice Notices. Supply Chain Management Committees such as Bid Specification and Evaluation and Adjudication Committees are fully functional and operate within the framework of the Supply Chain Management Policy, Municipal Finance Management Act and the Regulations. In the year under review Supply Chain Management has accelerated transformation.

In addition, contracts were awarded to co-operatives who comprise communities and women.

B-BBEE Spent as a percentage of the CoJ Portfolio 2015/2016 Financial Year **In the 2015/2016 financial year the Company recorded the following expenditures:**

	Q1	Q2	Q3	Q4
BEE as % of OPEX	82%	93%	99%	94%
BEE as % of CAPEX	0%	0%	100%	100%

3

Service Delivery
Performance

33	Core Business
33	Day-to-day Operations
33	Highlights and Achievements
34	Portfolio Profile
70	Financial Performance
71	Capital Projects
72	Performance Monitoring Against the Scorecard
76	Assessment of Arrears on Municipal Taxes and Service Charges

Core Business

JPC is a dynamic and visionary property Company mandated to manage and develop the CoJ's R8.8 billion property portfolio. 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. The Company's overarching mandate is to support the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery objectives.

Day-to-day Operations

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

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

Highlights and Achievements

Asset Management

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

This report focuses on the following aspects of Asset Management reporting for the period under review:

Highlights and Achievements continued

Status of CoJ Property Portfolio Holdings

Number of CoJ land parcels

Region	2016	2015	2014	2013
Region A	1963	1956	4884	5669
Region B	4124	3855	4368	3979
Region C	2349	2307	3351	3519
Region D	6864	6562	8843	10328
Region E	4950	4850	6872	8476
Region F	5011	5559	5189	5121
Region G	4868	4877	6296	7266
Outside CoJ Boundaries	491	490	492	79
Total number of properties	30620	30456	40295	44437

Portfolio Profile

Size and Value of the CoJ's holdings

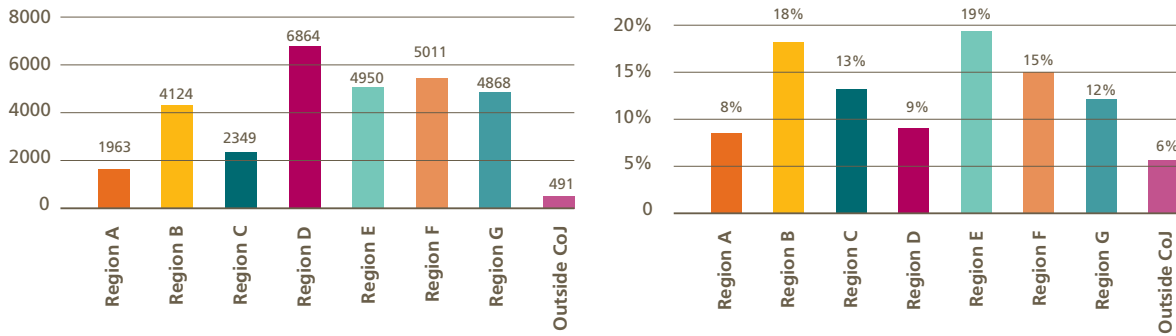
The portfolio of the City of Johannesburg Metropolitan Municipality has a total balance sheet value of R8.8 billion as at 30 June 2016, which comprises of 30 620 properties, measuring a total of 77 829 hectares. Below is a table which illustrates quantity, size and value per region summaries.

High Level Portfolio Summary

Region	Area	Value %	No. of Properties	Value
Region A	15540.28315	8%	1963	690 927 818.28
Region B	3707.861318	18%	4124	1 596 797 147.10
Region C	9671.82388	13%	2349	1 116 326 483.38
Region D	8090.990274	9%	6864	802 779 247.39
Region E	4504.660644	19%	4950	1 660 618 821.18
Region F	7812.062961	15%	5011	1 355 335 398.97
Region G	27456.21129	12%	4868	1 053 062 420.53
Outside CoJ Boundaries	1045.5748	6%	491	534 488 576.01
Total	77829.46831	100%	30620	8 810 335 912.84

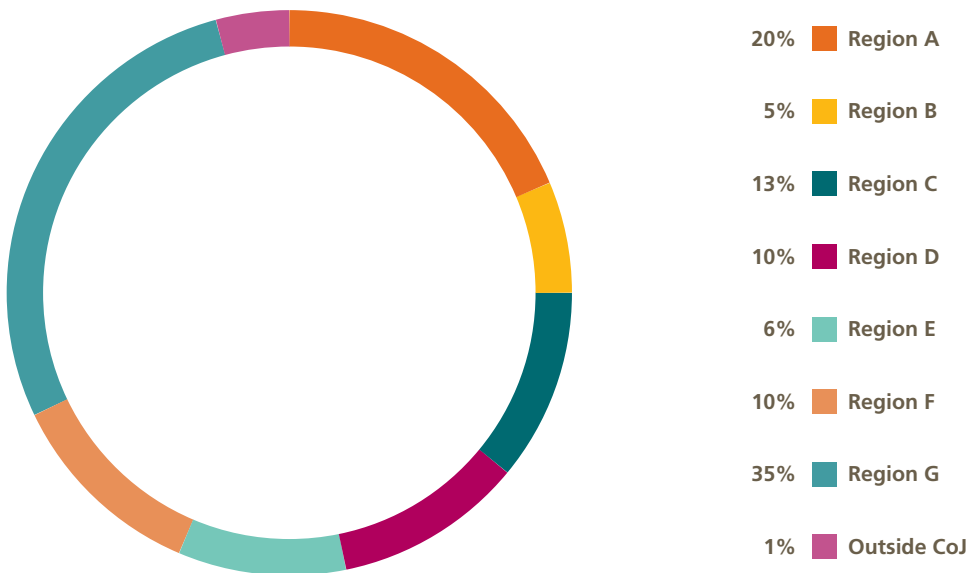
Region A still has the least number of land parcels held, followed by Region C. Region D still continues to show strength on the number of land parcels held, while Regions B, E, F & G have shown balances of quantities just below Region D as graphically presented below.

Regional Summaries in quantity and value expressed as percentage



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

Size (ha) per region



Regions A and G continue to dominate in size, having significantly larger land parcel ownership that is mostly characterised by farm portions that are in the peripheries of COJ boundaries. Regions C, D, and F are the second largest regions in land parcel ownership, following Regions A and G, while Region B is the smallest region in terms of size of council owned properties held in the region.

Portfolio Profile continued

Land Regularisation Program

The program of Sustainable Human Settlement for its citizens ensures that the City continues to formally receive their title deeds for residential homes that they have been occupying for the past five decades through permits. JPC Land Regularisation Programme managed to handout 630 Title Deeds with the breakdown as below:

1. Region F is 334 covering Turfontein, South Hills and Doornfontein
2. Region D is 242 covering Jabulani, Nordgesig and Meadowlands
3. Region C is 54 covering only Davidsonville

Economic and Social Impact

The main mandate of the City's Human Settlements Department is to provide housing to the citizens of the city who cannot afford to house themselves in a decent housing structure as result of lack of employments or lack of affordability. The transfer of residential properties to these beneficiaries thus enables them to benefit from social and transformational goals of the City through which:

- The Constitutional right to housing is enabled, and
- Entitlement is provided via the property ownership right and which is a transformational agenda as only 99 year leases were offered in place of full entitlement pre-1994.

Facilities Management

The GDS 2040 Strategy requires JPC Facilities Management to prioritise sustainable human settlements towards the eradication of poverty and building and growing an inclusive economy. The Company also plays a critical role towards the City's goal of financial sustainability and resilience.

JPC has identified critical facilities that required urgent refurbishment for implementation in 2015/16 financial year.

The table below represents the Master Plan that was fully executed and comprised of Civic & Corporate Buildings as well as Public Transport and Informal Trading Facilities.

No	Facility	Maintenance Requirements	Outsourced Resources	YTD Status
1	Metro Centre	Repair and Maintenance: Carpentry, smoke detection, electrical, plumbing, transformer repairs, outside fence and aircons repairs (14 200m2 painting); A block 8200 m2 / B block 6000	Electrical in-house by electricians	Completed (100%)
2	Thuso House	Repair and Maintenance: Plumbing, repair kitchen cupboards, electrical repairs, remove supply and install carpets	Kitchen suppliers Electrical external	Completed (100%)
3	Jabulani Civic	Repair and Maintenance: repair water pipes, repair council chamber aircons, service fire pumps, repair council chamber doors.	Aircons external Fire specialists	Completed (100%)
4	Lenasia Civic	Repair and Maintenance: electrical repairs, painting, carpentry, plumbing repairs, aircons repairs, repair outside fence	Aircons Fencing Refurbishment	Completed (100%)

No	Facility	Maintenance Requirements	Outsourced Resources	YTD Status
5	Meadowlands Civic	Repair and Maintenance: electrical repairs, painting, carpentry, plumbing repairs, aircons repairs, repair outside fence (in 2000 m2 / ext. 2000 m2 painting)	Aircons external Fencing external waterproofing Fire protection cladding specialist	Completed (100%)
6	Dobsonville Civic	Repair and Maintenance: electrical repairs, painting, carpentry, plumbing repairs, aircons repairs, repair outside fence (in 4600 m2 / ext. 3200 m2 painting)	Aircons Fencing Waterproofing Fire protection	Completed (100%)
7	No 2 President Street	Repair and Maintenance: Lift refurbishment, painting, electrical repairs	Lift specialist	Completed (100%)
8	Metro Mall Block B	Storm water drainage system at both blocks is blocked; new box gutters to all levels; remounting and new grids; waste water pipes from kitchens at Block C leaking; walls and floor slabs cracked; replace gates; electrical reticulation and COC compliance; demarcation OHS signage / fire evacuation.	Structural Engineers Specialist contractors	Completed (100%)
9	Roodepoort Town Hall	Repair and Maintenance: electrical repairs, painting, carpentry, plumbing repairs, aircons repairs, repair outside fence, repair blinds, repair broken windows, (4150 m2 painting)	Blinds Aircons Fencing external Glazing external Tiling	Completed (100%)
10	Roodepoort Civic	Repair and Maintenance: Repair water fountain, repair and program gate motor, service aircons (250 m2 painting)	Gate motor Aircons Pump	Completed (100%)
11	ACA Krans	Repair and Maintenance: remove and replace carpets, painting (2000 m2)		Completed (100%)
12	Teljoy House	Repair and Maintenance: Renovate two guard huts, painting, plumbing, repair tinted glass windows, repair PWD ramp.	Glazing Revamp guard house / build ramp	Completed (100%)

Portfolio Profile continued

No	Facility	Maintenance Requirements	Outsourced Resources	YTD Status
13	Bara Taxi Rank	6 windows require burglar proofing; 5 new door locks & burglar doors required; loading bays at Block B / E require roof shelters; CCTV systems & new server; 4 skip bins needed; repair steel structures at loading bays / stalls; road markings / traffic signage / loading bays; blocked storm water catch pits; parking bays demarcation; gutters and rainwater pipes blocked / replaced; new firefighting equipment; electrical reticulation and COC compliance; Clear Vu fencing; OHS signage and fire evacuation.	Fencing external OHS Waste skip Electrical	Completed (100%)
14	Metro Mall Block C	Storm water drainage system at both blocks is blocked; new box gutters to all levels; remounting and new grids; waste water pipes from kitchens at Block C leaking; walls and floor slabs cracked; replace gates; electrical reticulation and COC compliance; demarcation OHS signage / fire evacuation.	Structural Engineers Specialist contractors	Completed (100%)
15	Midrand Taxi Rank	Painting entire facility; ablutions renovation / revamp; OHS full compliance; also firefighting equipment	Revamping of all toilets/ OHASA and Painting of the entire facility -	Completed (100%)
16	Kwa Mai-Mai	Blocked storm water catch pits; leaking water taps; installing of manhole covers; cleaning and fumigation services; new skip bins; concrete wash troughs; electrical reticulation and COC / OHS compliance - fire / evacuation signage; paint stalls' landscaping and parking allocation to food stall area; braais at food court / lighting to bridge area, roofing to stalls - revamp ablutions; partitions to shelters and wash bays next to hall, hall needs tiling / locks / painting - roof leaks.	Skip waste bins Signage Deep cleaning services Building Contractors	Completed (100%)

Property Management

The Joburg Property Company Social Property Portfolio creates an enabling environment that promotes social and economic growth for the citizens of the city. It aims to create social development and employment opportunities within the City through community based services such as sport and recreation community facilities, libraries, churches, clinics, training, farming and food resilience projects, skills development centres and early childhood development facilities. This is in line with the attainment of the City’s objectives to achieve poverty alleviation, Black economic empowerment, land reform, health care, safety, security, and a clean environment.

Key Leases that were issued in the 2015/2016 Financial Year are as follows:

Erf 419 Klipspruit – Development Lease for Student Accommodation

Property Description	Expected Development	Development Objective	Anticipated Investment Value
ERF 419 Klipspruit	Student Accommodation	Alleviation of student accommodation shortage levels	R20 million



ERF 5205 Chiawelo

Property Description	Expected Development	Development Objective	Anticipated Investment Value
ERF 5205 Chiawelo	Community Centre, Drug Rehabilitation and Skills Centre	To promote social cohesion and create a community centre	R10 million

PTN 140 of Farm Klipfontein 203 IQ - Randburg home affairs parking lot

Property Description	Expected Development	Development Objective	Anticipated Investment Value
PTN 140 of Farm Klipfontein 203 IQ	Upgrade of the Randburg Home Affairs Parking lot	To optimise the available parking space owned by the City	R10 million

Portfolio Profile continued

PTN 130, 136, 137 Farms Alewynspoort 145 IR

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Portions 130, 136, 137 farm Alewynspoort 145 IR	Commercial farming and incubation of the emerging farmers	To catalyse the agricultural sector through the release of commercial-scale farming land	R55 million

PTN OF ERF 426 Northcliff Ext 2

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Ptn of Erf 426 Northcliff Ext 2	Community Facility Sports Complex	Community involvement with the vulnerable members of the community. Provides the base for a soup kitchen, after school care and skills centre	R80 000 R150 000

ERF 348 Diepkloof

Property Description	Expected Development	Development Objective	Anticipated Investment Value
ERF 348 Diepkloof	Sports Complex	Establish a new multi-purpose sports, community centre focusing on Enterprise Development	(Phase 1) R10 million (Phase 2) R37 817 299

ERF 6523 Eldorado Park

Property Description	Expected Development	Development Objective	Anticipated Investment Value
ERF 6523 Eldorado Park	Home Based Support Care Center	Provide Home Based Family support for children with intellectual, developmental, physical disabilities and delays	R50 000

PTN 406 OF Farm Zandfontein 42 IR

Property Description	Expected Development	Development Objective	Anticipated Investment Value
PTN 406 of Farm Zandfontein 42 IR	Sports and Recreation Centre	Support of the proposed Bus Rapid Transit System on Rivonia	R500 000



ERF 22237 Meadowlands

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 26332 Meadowlands	Establishment of a Training Facility	Providing a catering course to the community. NQF Level four qualification fully accredited by the Culture, Arts, Tourism, Hospitality and Sports Sector	R17 million

Allocation of properties to the Department of health and Social Development for the purposes of establishing shelters for region B

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 2789 Newlands Erven 953 and 954 Windsor	Shelter for displaced persons	Provide shelter for displaced persons	R2 million

ERF 560 and 561 Vrededorp

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 560 and 561 Vrededorp	Establishment of a Multipurpose Community Centre	Provision of various skills training facility	R1.5 million

Portfolio Profile continued

RE of Holding 134 Glenferness A.H

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Re of Holding 134 Glenferness A.H	Establishment of an Early Childhood Development Facility	Provision of pre-schooling, educational amenities and job creation for the unemployed	R500 000

Portion 1 and 2 of Erf 436 Linden and Remainder of Erf 437 Linden

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Portion 1 and 2 of Erf 436 Linden and Remainder of Erf 437 Linden	Establishment of a Tennis Academy	Provide a refurbished tennis facility	R135 000

ERF 104 Dunkeld West

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 104 Dunkeld West	Reinvestment on a bowling facility	Provide a refurbished bowling facility	R70 000

ERF 46 Buccleuch (E)

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 46 Buccleuch (E)	Community Facility	Create a place of worship and a community facility	R1.2 million

ERF 11174 Ivory Park (A)

Property Description	Expected Development	Development Objective	Anticipated Investment Value
Erf 11174 Ivory Park (A)	Community Facility	Provide life skills programmes for the youth	R178 500

RE of Portion 88 Farm Eikenhof 323 (F)

Property Description	Expected Development	Development Objective	Anticipated Investment Value
REM of Portion 88 Farm Eikenhof 323 (F)	Community Facility	Provide life skills programmes for the youth	R178 500

Long term lease of twenty five years for portions 130, 136, 137 FARM Alewynspoort 145 IR for commercial farming and incubation of the emerging farmers.

The Department of Social Development and the Food Resilience Unit have been mandated to eradicate hunger and food insecurity in City of Johannesburg. Amongst other instruments, the City seeks to enable a wider and more diversified urban agriculture sector through a system of agri-resource centers providing full value-chain support for those seeking to grow their own food for both personal consumption and as a potential livelihood. The program is one of the Mayoral priorities.

These centers will screen and train potential micro farmers to be placed via lease / usage agreements on City owned farming land. These micro farms, where feasible, will be clustered into networks accessing common customer-facing systems and transport/ warehousing logistics, known as hub and spoke (Empowerment Zone).

In addition to the facilitation of micro farms, the City seeks to catalyze the agricultural sector through the release of commercial-scale farming land to the market at substantially reduced cost conditional upon participation in, and contribution towards, the City’s food resilience program.

In order to deliver on this mandate, Portion 130, 136 and 137 of the Farm Alewynspoort 145 IR were identified as potential portions for the commercial farmer who will also provide farming skills and supervision to the fifty emerging farmers that are being allocated fifty hectares. The allocation will be one hectare per one cooperative.

Municipal Portfolio

In order to create an enabling environment for effective service delivery, the Municipal Portfolio has completed the various transfers including transfer of land from the private-sector to the CoJ. Below are some of the highlights:

Types of Registration	Service Delivery	Impact	Alignment to PIPS
19 servitudes for Sewer purposes 16 servitudes for Right of Way and Municipal purposes 13 servitudes for Sewer and Municipal purposes 10 servitudes for Municipal purposes 8 servitudes for Substation purposes 3 servitudes for Stormwater purposes 3 servitudes for Right of Way and Access purposes 2 servitudes for Water purposes 2 servitudes for the Restriction of Electrical Supply purposes 2 servitudes for Rand Water 2 servitudes for Road Widening purposes 1 servitude for Splay purposes 1 servitude for Right of Way and underground services 1 servitude for Right of Way for the General Public	The servitudes are required for the delivery of sanitation, roads and municipal services to address the demand and to provide new infrastructure services to areas that do not have access to such basic services as well as to provide services to new property developments.	Registration is done to ensure that Council's services are protected within the servitude areas as the servitude gives the legal right to the Council to use the servitude areas for its services. This enables the Council to provide services to new property developments. It is during these developments that the servitudes are registered.	Investment attraction, retention and expansion Resource Sustainability Safer City

Portfolio Profile continued

Types of Registration	Service Delivery	Impact	Alignment to PIPS
12 Notarial Ties registered	To ensure that two or more private properties are tied together to be regarded as one for development purposes	Development purposes	
The transfer of 7 Properties registered for Park and other Municipal purposes	To ensure that there are adequate public open spaces for the citizens of Johannesburg for recreational purposes as well as for service delivery	Without the transfer of land to the CoJ for park purposes, public open spaces would be inadequate. Land is also required for service delivery.	

Municipal Owned Entities Projects

City Power Projects

Acquisition Values	NOTARIAL Registration Investment	Impact to PIPS	Supported Department/MOE	Current Status
Substations Project	1.2m	Sustainable Human Settlements Economic Growth	City Power	Different portions of Council-owned land are being allocated to City Power for the construction of substations.
Pennyville Switching Station Project	Capex Spent	Sustainable Human Settlements Economic Growth	City Power	The Memoranda of Agreement relating to the Acquisition of Servitudes regarding the Farm Mooifontein 225IQ have been signed by both the owners and JPC and we are awaiting the Surveyor-General's approved Servitude Diagrams to enable JPC's Legal Section to appoint an attorney to attend to the registration of the servitudes in the Deeds Office.

Joburg Water Projects

Acquisition Values	NOTARIAL Registration Investment	Impact to PIPS	Impact on the JPC Strategic Objective	Supported Department/ MOE	Current Status
Diepsloot Reservoir Project: Portion 984 Knopjeslaagte 385JR	1.5m	Sustainable Human Settlements	Supporting community development and social initiatives Utilising the property portfolio to address social imperatives and priorities Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Joburg Water	The Use and Maintenance Agreements relating to Erf 8107 Kensington and Erven 60 and 72 Lawley Estate have been drafted and forwarded to Johannesburg Water for their signature.
Bulk Water Pipeline Project – Steyn City	Capex Spent			Joburg Water	Valuations of the servitudes were done and letters sent out to the 25 affected landowners to inform them of the proposed compensation to be paid to them.
Bulk Sewer Pipeline Project – Kyalami	Capex Spent			Joburg Water	The required Notices of Installation of Pipeline were served in the second half of 2015, JPC has prepared Acquisition of Servitude Agreements which were delivered to the 13 landowners.

JDA projects July 2015 – June 2016

Acquisition Values	NOTARIAL Registration Investment	Impact to PIPS	Impact on the JPC Strategic Objective	Supported Department/ MOE
Erf 519 Lehae (Region G)	1.26m	Sustainable Human Settlement	Supporting community development and social initiatives Utilising the property portfolio to address social imperatives and priorities Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	JDA
Erven 868, 869 and 875 Marlboro (Region C)	34m	Investment Attraction Economic Growth Financial Sustainability and Resilience		JDA
Erf 1072 Rabie Ridge X1 (Region A)	4.2m			JDA
Erf 8370 Stretford X3 (Region G)	15m Capex Spend			JDA
BRT Alexandra bus depot Project	4.58m			JDA

Portfolio Profile continued

Outdoor Advertising

Transformation and Industry Engagement

Following the conclusion of the JPC 2040 Strategy, JPC's Executive Management accordingly initiated a process to produce the City's Outdoor Advertising Strategy and Implementation Plan in support of the Framework and to complement the City's GDS and the JPC 2040 Strategy. The strategy, as approved by the Board of JPC, identified the following key objectives, namely:

Transformation: To transform the ownership landscape of outdoor advertising on CoJ land and to create an environment in which access to the industry is not limited to the current few.

Target: That BBBEE SMME's, new entrants, women and the youth to account for 60% of revenue generated from outdoor advertising.

Legalisation: To legalise all forms of outdoor advertising in the City and rid all illegal advertising by end of 2017.

De-Cluttering: To reduce clutter in order to improve the aesthetics of the built environment of the City and to increase the value of the portfolio. To introduce street furniture in various areas and develop high value precincts as identified in the master plan over the next five years.

Revenue Optimisation: To restructure the portfolio and implement additional revenue streams in order to achieve R 80m in revenue in the short term to over R 100m and more in the long term to 2025.

Process Redesign: To create an efficient enabling environment that will also allow for fair access to the industry in the form of contracts alongside planning rights in terms of applicable laws within a period of at least ninety days.

The Outdoor Advertising Indaba was held on 10 May 2016 and the below resolutions were taken at the Indaba.

- The industry is to come forward and declare all their illegal signs to the City,
- The CoJ, through the JPC and Development Planning, agree to commit to timeframes to remove all illegal signs.
- That the CoJ commits to improving the turnaround times in respect of by-law processes.
- The JPC commits to being the applicant for by-law approval in respect to council owned land
- CoJ commits to consider the reduction of application fees for SMMEs
- The CoJ commits to develop a digital policy for the city. Certain areas have been developed in the Master plan, and the policy is to follow.
- The CoJ will engage with Development Finance Institutions (DFIs) to assist SMMEs with funding requirements.
- The CoJ will engage with the industry with regards to the proposed outdoor advertising Master Plan as part of the outdoor advertising by-law review process.
- The CoJ commits to partner with the industry to invest in training and development in respect of outdoor advertising.
- The CoJ commits to set up targets in terms of transformation to assist in ensuring more SMMEs participate in the industry

Dependencies

The following dependencies are critical in the implementation of the strategy for outdoor advertising to realise the objectives as per targets set:

- Finalization of the proposed amendment of the by-laws to give effect to the vision (implementation of the Master Plan) for outdoor advertising on CoJ land/assets and this is envisaged to be completed by December 2016. This process is driven by CoJ Legal and Compliance;
- JPC is depended on the City as the regulator or the City to remove illegal signs to reduce clutter and increase values;
- Successful stakeholder engagement and partnership development on the various components of the plan/framework to ensure buy-in from all and sundry including intra-governmental co-ordination and co-operation;
- Budget provision to ensure removal of illegal signs, prepare and submit applications to CoJ and or litigation as and when necessary;
- Capacitation of the Company with appropriate skills to ensure delivery of projects remains a priority;
- Development of fora as a means to engage the industry on an ongoing basis on a variety of subjects including an Industry Charter or Code of Practice

Summary of outdoor advertising strategy progress

Key Performance Area/s	Implementation Targets	Progress to Date	Alignment to PIPS
Transformation and new business development projects	Set up a forum with Black owned Media Entities	An interim forum has been set up. Outdoor Advertising Indaba was held on 10 May 2016	It was agreed that the City would rely on members of the industry to regularize their sites, to consult freely with the players in the City, and to ensure that a common goal is sought. This will enable all to realise the proper margins on their portfolio as clutter and devaluing are done away with. It was also agreed that another dialogue would follow from this in six months' time (by November 10th) to ensure that the industry would continue to work together. Those on the database would receive regular communication from the City in the interim as a result of deliberations. The media would also be utilized to achieve an on-going discussion with the residents and the City with regards the industry and their concerns. Report to Maycom: Programme of Action Resolutions adopted at the Indaba

Portfolio Profile continued

Key Performance Area/s	Implementation Targets	Progress to Date	Alignment to PIPS
	Tender for Taxi Ranks, BRT	TOR developed and finalised Project delayed to allow for legal guidance on the TOR particularly BBBEE legislation and to allow inputs from Transformation and SCM	Appointment by September 2016
	Tender BBBEE Managing Agent	TOR developed and finalised Project delayed to allow for legal guidance on the TOR particularly BBBEE legislation and to allow inputs from Transformation and SCM	Interim report by September 2016 At least 25% implementation (formalisation) by December 2016
	Conduct feasibility studies to set up a Localised Manufacturing Plant/s: Street Furniture and Amenities: The Outdoor City	Business case finalised Transformation Project-SMME's development/new entrepreneurs (through Jozi@Work programme) in the following sectors: Research and development for uniform designs, technology and alignment to the CoJ Smart City concept, rigging and construction of public amenities, printing and production Recycling and solar for billboards and street furniture (support Green Economy), etc.	Project modelled and to be piloted around Public Toilets project (Jozi Toilets 2000) Suitable land identified Finalise feasibilities by September 2016

Key Performance Area/s	Implementation Targets	Progress to Date	Alignment to PIPS
By law and law reform by COJ	Participate in review of By laws by CoJ Legal and City's Planning Department	<p>Submission made to CoJ Legal on the By-laws.</p> <p>Workshop on the Bylaws finalised in December 2015</p> <p>New By-laws being drafted by CoJ Legal</p> <p>Project timelines to be provided by CoJ upon finalisation of the draft that will include framework</p>	<p>Public Participation and or Individual consultation</p> <p>Agreed with CoJ that Master Plan to be incorporated into CoJ By-laws and managed by CoJ Planning as part of CoJ SDF's</p> <p>Process of amending By laws expected to be finalised within 6 months by CoJ Group Legal Department and the City's Legislature (Speakers Office)</p> <p>Public participation required</p>
Restructuring of the portfolio	Financial Due Diligence	<p>Service Provider appointed</p> <p>Draft Report being finalised by Ad Hoc Committee under the auspices of JPC's Internal Auditor and Finance</p>	<p>Report by September 2016 by Service Provider</p> <p>Process to be finalised by December 2016</p>
	Portfolio restructuring	Depended on approval of Master Plan by Council and redrafting of By -laws	Report to Council alongside By laws and Master Plan process
Public amenities and WI-FI	Pilot project for public ablutions and park furniture in CoJ Parks	Engagement with CoJ not finalised	<p>To be incorporated into street furniture programme and the roll out of public ablutions facilities in CoJ</p> <p>Finalise Smart Park In Alexandria currently being circulated for comments to be funded by Gautrain/Bombela Consortium</p>

Portfolio Profile continued

Property Development

The Property Development unit seeks to maximise social, economic, and financial returns on the portfolio of public land by transforming high potential vacant land into high yielding property assets through the property development process.

Significant achievements by the unit in the year under review include:

The **Office Space Optimisation (OSO)** programme that will leverage the delivery of Council offices to catalyse the development of the Corridors of Freedom and establish a rational framework for municipal offices and service delivery throughout the City.

Highlights and Achievements for the 2015/2016 Financial Year

Property Plans for 8 regional precincts in the Office Space Optimisation Program

As the first step in the development of the eight identified precincts, JPC has completed bankable business plans for each precinct. These plans include:

- Completion of site investigations involving a rigorous study of all conditions that may restrict or define the development of the site. The site investigation considers site conditions and restrictions in five areas:
 1. Physical
 2. Legal
 3. Servicing
 4. Social
 5. Economic
- Creation of a Development Proposal for the site
- A bankable feasibility/ viability assessment

A total of 801 967 m² of new development is proposed across all eight precincts as per the table below.

	Metro Centre	Region A: Midrand	Region B: Randburg	Region C: Roodepoort	Region D: Jabulani	Region E: Watt Street	Region F: Turffontein	Region G: Orange Farm/ Ennerdale
Total								
COJ Office	81 028	5 536	5 373	5 294	5 294	5 294	5 500	5 294
3rd Party Office	47 510	25 400	10 000	5 000	10 000	9 438	4 000	2 000
Retail	22 374	22 774	15 000	3 000	6 000	11 923	12 500	25 000
Residential	71 208	65 000	80 000	13 185	40 000	40 124	85 000	36 000
Hotel	15 658	1 229			1 000			
City Hall Caucus	3 031							
Total	240 809	119 939	110 373	26 479	62 294	66 779	107 000	68 294

Work will now begin on the preparation of sites for development as the second phase of the program. This preparation will include all activities required for the identified land to be development ready, including obtaining the required land use rights. Once preparation is completed, development partners can be sought to execute the development.

Superstructure of Council Chamber Completed

The superstructure of the iconic New Chamber was completed this quarter, including the link bridge structure, as well as the first and second floors, that together with the roof and are now ready for the installation of the specially designed glass façade and completion of finishes and fittings.

The chamber is the first phase of the Office Space Optimisation Program that aim to reconfigure and optimise Council's office accommodation in such a way as to catalyse redevelopment of marginalised areas and concrete the Corridors of Freedom.

Jabulani Square and Jabulani Amphitheatre

Jabulani square is part of the "Cultural Heart" of the Jabulani CBD project. The "Cultural Heart" development will build on the success of the Soweto Theatre that was delivered by JPC in 2012. The objective of the development is to consolidate this 15ha precinct into a cultural destination precinct supporting a variety of cultural activities including the Vuyani dance studio, MK veteran's museum, and the Semenye Music School as well as variety of other cultural uses.

The historic Jabulani Amphitheatre is being redeveloped to become a functional performing arts venue to support programing in the Soweto Theatre. The upgrading includes various functional upgrades to ensure compliance with modern health and safety standards. The redevelopment started in May 2016 and will be completed in September 2016.

A new square was built to function as a focal point for the cultural facilities in the precinct and will function as an ad-hoc performing venue in its own right. The square was completed in May 2016.

The Cambridge, Bryanston X 78

Cambridge is a 440 unit high density residential development with an expected investment value of R300 Million. The 1, 2 and 3 bedroom apartments (priced from 840 900 to 1.5M) will be a truly unique blend of trendy urban and chic style on a 5.8ha site in Bryanston. The development boasts walkways for physical wellbeing, an entertainment area for social wellbeing as well as a restaurant for convenience of living.

Each wi-fi ready apartment comes with free appliances including a washing machine & tumble dryer, fridge and dishwasher, and has prepaid water, gas and electricity. The Cambridge development also includes:

- Lifestyle centre
- Restaurant
- Swimming pool
- Boutique gym

Bara Retail Shops

This 1200m² retail development forms part of the Bara Central Precinct. The Precinct Development that was completed in 2013 is at a strategic location off Chris Hani Drive adjacent to the newly upgraded Bara Public Transit Facility and opposite the Baragwanath Chris Hani Hospital.

In order to capitalize on the precincts potential and maximize returns for the City, the redevelopment of the precinct into a vibrant, high density mixed use pedestrian orientated precinct with a high quality public environment was conceived.

The development comprises of a double storey retail centre with 4 line shops on the ground floor and possible single open commercial space on the 1st floor not exceeding 70% of the floor area.

The average shop sizes shall be +-150m² with pedestrian passageways in-between.

The R8 million development which provides retail space to local SMMEs was completed in March 2016.

Portfolio Profile continued

City Lodge Hotel Newtown

The development of a 148 room hotel for City Lodge is the final phase of the Newtown Junction development that is the largest investment in the Johannesburg CBD in its recent history.

The development is a key component of the Newtown Cultural Precinct redevelopment project that aims to revitalise the precinct as a heritage and cultural destination. The entire development embodies a holistic vision - connecting the past, present and future of this built environment together with care and flair. Newtown Junction will be sustainable while preserving Joburg's history and revitalising its heritage, and creating a space that is relevant to those who live, work and travel in the city today.

The R99 million development now provides critical hotel accommodation and conferencing facilities and was completed in February 2016.

Completion of Line shops, Kgoro Development Sandton

The completion of 16 Convenience retail shops fronting onto West and Rivonia Streets support the Gautrain Station and provide active frontages onto these streets to support "walkable" streets. The development entailed the fit out of 680m² of retail space at a cost of approximately R10 Million and was completed in September 2015.

Eldorado Park 4037

Affordable houses were delivered by an emerging developer on an on-demand basis. Three additional houses were built in the current year bringing the total number of houses built to twenty six.



Eldorado Park housing project

Newtown Filling Station Upgrade Completed

The City of Johannesburg's rejuvenation of the Newtown Precinct into a safe, vibrant and liveable mixed-use urban space has been given a major facelift. What was once an ordinary filling station along Bree Street, between Museum Africa-Mary Fitzgerald Square and the Oriental Plaza in Fordsbury, has been transformed into a modern mini-business complex boasting a 24-hour Sasol garage; Sasol Delight convenience store; Standard Bank, ABSA and First National Bank ATMs; a Mochachos chicken outlet; and a Mintys Tyres fitment centre. The upgrade with an investment value of R15-million was completed in May 2016.

Jabulani Brook Residential

This 150-unit development is the next phase in the roll out of the high density residential development of over 4 200 new units that has been planned across six of the available residential development sites.

The R45million development will cater for the needs of the modern South African lifestyle in Soweto and is bringing more appropriate densities in close proximity to services amenities. The one and two bedroom units range in size from 56 -60 m2 with high quality finishes. These additional units have been bought by Madulammoho and IHS at R309 000.00 per unit and will be rented to prospective tenants.

Riverview Diepsloot

The project is located on 270ha of land that previously formed farm of the Joburg Water Northern Farm. The land is strategically located between Diepsloot and Steyn City and as such offers a unique opportunity to integrate these economically diverse areas.

The development will comprise of mixed-land use development including residential, business, and retail and will deliver over 10 000 mixed income residential units with a total investment value of over R2 billion. A variety of residential opportunities are being provided to cater for a range of housing needs, including freestanding two and three bedroom FLISP houses ranging in size from 45-55m2, high density rental units and high density Subsidy Scheme (RDP) units. The costs of units range from approximately R500 000 to "give-away" subsidy scheme units. All housing is being developed within a single community to ensure integration and social inclusion.

Progress to date:

- Phase 1 of the development has commenced and 430 stands are serviced with roads, water and sewer, over 200 houses have been completed to date. Construction of all houses in phase 1 is due to be completed by February 2016.
- Site Acquisition is complete
- Town planning status: Section 82 was issued
- Building Plans Approved, NHBRC Enrolments Received
- Construction status: All Civil and Electrical services completed and handed over to COJ and Eskom.

Construction at Alex Mall

Development of the new Alex Shopping Mall (30 000m² Area) Project will stimulate the local economy through a capital injection of ±R600 million and will strengthen operational abilities of GALXCOC. Development of the new Alex Shopping Mall will also create work opportunities to reduce unemployment levels and will create an attractive modern retail landscape utilizing Tsutsumani as the gateway to Alexandra via Vincent Tshabalala Road (London Road).

The project is being delivered by the Greater Alexandra Chamber of Commerce and Industry (GALXCOC) and will focus on local procurement during construction and operation, providing franchise opportunities to locals, formalizing informal trade opportunities, thereby creating large scale employment.

The superstructure of the phase one of the centre has now been completed.

Portfolio Profile continued

Orlando eKhaya Waterfront Park

The Waterfront is one of the catalytic projects within the Orlando Ekhaya Development Precinct that seeks to grow as a regional destination for retail, recreation, tourism, investment, and residential densification.

The Orlando Dam and Waterfront Park are at the heart of the precinct and will serve as a catalyst and inspiration for on-going development. The Park has been conceptualised as a high quality urban park with world class facilities provided in an urban setting. The development also includes three development sites earmarked for a restaurant, community facility, and tourism hub respectively.

JPC is installing bulk water, sewer, stormwater, electrical, and road infrastructure to the above development sites in addition to landscaping the park and developing a public toilet facility in the park. The servicing, landscaping, and toilet facility have been completed. The new entrance road will be completed in the new financial year.

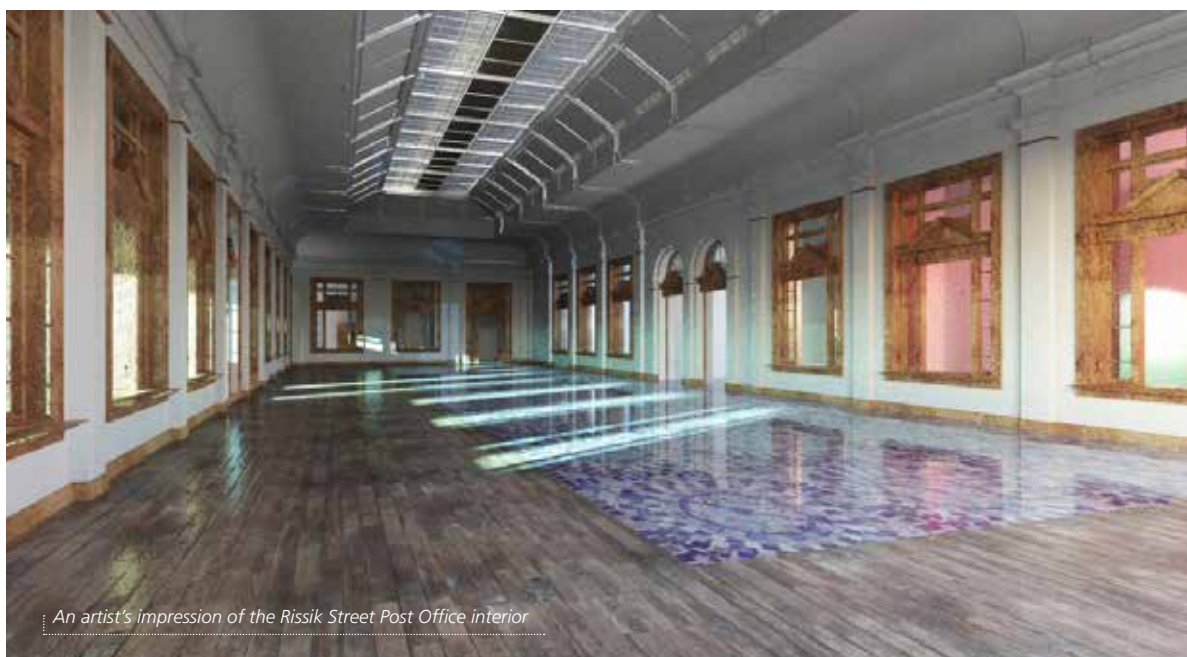
Rissik Street Post Office

JPC is busy restoring this heritage building that was devastated by fire 1st November 2009. Remedial work, including replacing the roof and stabilizing the building, was undertaken by JPC after the fire in 2010-2011. JPC is now undertaking the first phase of the restoration that involves the clean-out of the building, establishing temporary power, and installing a structural steel skeleton inside the building to ensure the structural integrity of the building. This phase is due to be completed in October 2016.

The steel skeleton will form the basis of the adaptive reuse of the building that will be phase 2 of the restoration. At present JPC is investigating the use of the building as Mayoral offices. Designs are in development and JPC is actively seeking funding for this refurbishment.

The long term upgrade will involve the full heritage restoration of the building. All works will be undertaken in accordance with heritage guidelines, regulations, and public meetings provided by the Provincial Heritage Resources Authority - Gauteng (PHRA-G)

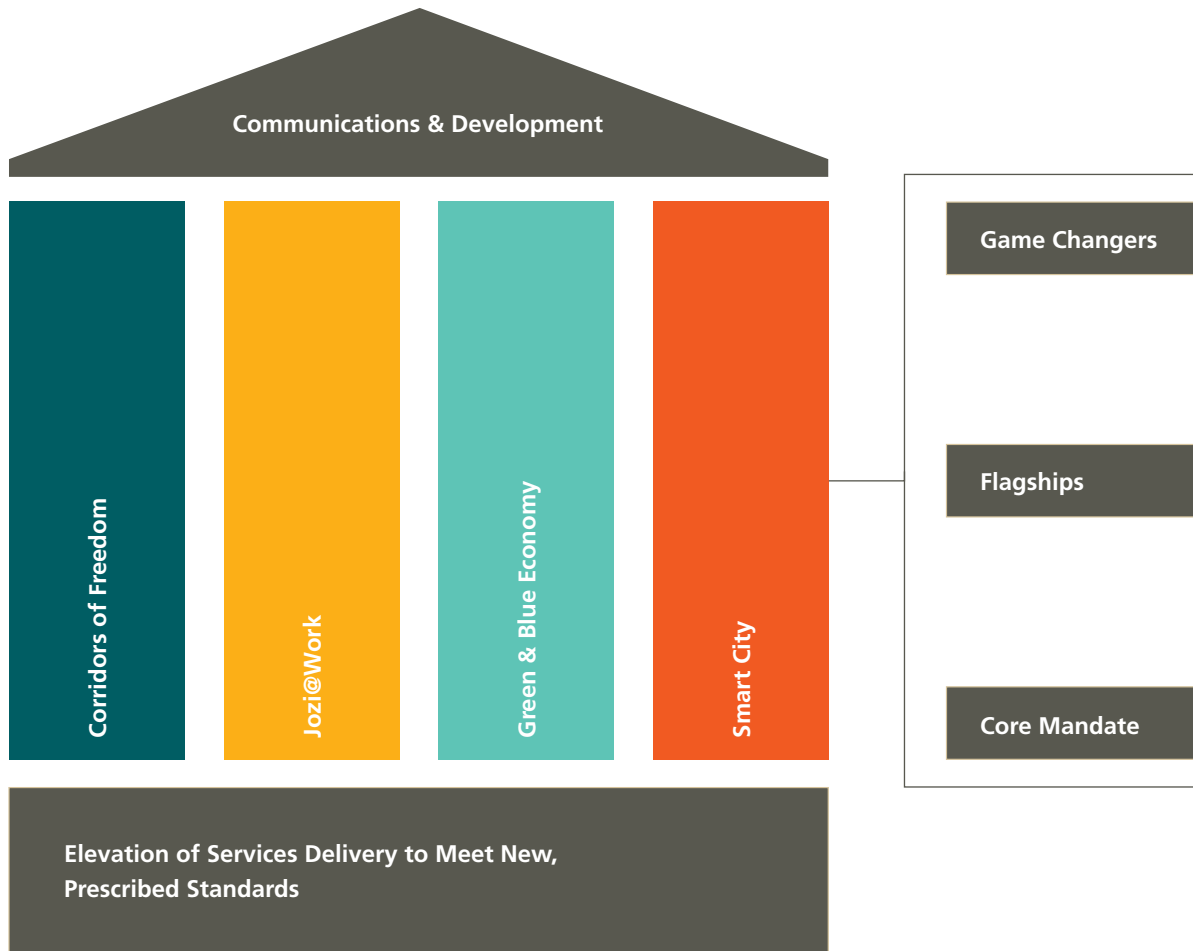
To date all steel required for the skeleton has been procured and fabricated and the foundation level on the south side of the building has been cast. Foundation work on the north side of the building has been delayed due to an unexpected water seepage problem. The source of this seepage is currently being investigated.



An artist's impression of the Rissik Street Post Office interior

JPC Response to the “House”

The House below encapsulates the Priority Implementation Plans of the City. And JPC’s performance against the Priority’s set out



Stakeholder Awareness During the Period Under Review

Client Relations attended a CoJ: Information Day initiative at Oriental Plaza representing JPC in August 2015. The information session was positively received by the public. JPC’s processes were communicated at the information session.

Knowledge Management

Client Relations attended the CoJ Knowledge Management Forum meeting on 22 September 2015 on the ways and means to implement Knowledge Management at CBO. Corporate services are currently engaging on the implementation of the program within JPC.

Portfolio Profile continued

Executive Mayor Stakeholder Engagement Day Tirisano-Mmogo Visibility Public Programme

St. Mary's Cathedral presented a proposal for the creation of a Cathedral Precinct. JPC is required to participate in the block approach required by the Executive Mayor, and to contribute to the precinct plan in terms of the public ablution facilities, informal trading areas and public transport facilities managed by JPC.

The Ntirhisano Project meeting was held on the 11th and 12th May 2016 and the following issues were raised and are receiving attention:

- Erf 1074 Rabie Ridge
- Land required for residential in Rabie Ridge such as Erf 1169 Kaalfontein
- Erf 5323 Ivory Park
- Rabie Ridge multipurpose shopping centre land required
- Erf 4921, Bambanani Industrial site used for building rental houses for rental.
- The MEC suggested that JPC conduct an open day at Ivory Park.

CBO is currently preparing for the handover of Title Deeds in 5 regions as part of the Tirisano-Mmogo programme.

The Provincial Ntirhisano initiative was handed back to local government and is now known as the Ntirhisano Mmogo Programme. 99% of matters raised were regarding the delivery of basic municipal services which are outside the JPC mandate though JPC continues to participate.

Members of Mayoral Committee and Councilors' Meetings

Various meetings were held with MMC's and Ward Councilors to escalate and expedite property related issues largely long outstanding matters. CBO continues to oversee the resolution of these.

Other Stakeholder Engagements

Department of Public Works

A meeting was held with DPW officials to seek resolution to long outstanding matters namely Erf 4506 Johannesburg – Drill Hall, leases of police stations (current and future based on a study being undertaken) and the acquisition of two properties namely RE Ptn 78 Farm Langlaagte 224 IQ and Ptn 1 Erf 1 Diepsloot.



Corridors of Freedom (Pillar 1)

As part of a Mayoral Priority Project, the CoJ has, through the COJ Department of Planning, mandated JPC to acquire properties along the Louis Botha, Empire-Perth and Turffontein Corridors. The Planning Department identified and negotiated the acquisition of twenty seven properties, in the year under review. A Mayoral approval has been obtained to proceed with the acquisition of these properties, which are at this stage with the appointed conveyancers.

Erf 28 Orange Grove	Transferred	Erf 5 Orange Grove	Transferred
Erf 247 Orange Grove	Transferred	Erf 229 Orange Grove	In process of transfer
Erf 36 Orange Grove	Transferred	Erf 243 Wynberg	In process of transfer
Farm Allandale No10	Transferred	Erf 256 Wynberg	In process of transfer
Erf 42 Orange Grove	Transferred	Erf 1663 Orange	In process of transfer
Erf 249 Orange Grove	Transferred	Erf 37 Orange Grove	In process of transfer
Erf 247 Orange Grove	Transferred	Erf 937 Orange Grove	Transferred
Erf 1656 Orange Grove	Transferred	Erf 300 Houghton Estate	In process of transfer
Erf 47 Orange Grove	Transferred	Erf 301 Houghton Estate	In process of transfer
Erf 46 Orange Grove	Transferred	Erf 336 Houghton Estate	In process of transfer
75 Unaville	In process of transfer	Erf 337 Houghton Estate	In process of transfer
Erf 245 Orange Grove	In process of transfer	Erf 227 Orange Grove	In process of transfer
Erf 1658 Orange Grove	Transferred		

Jozi@Work (Pillar 2)

Item	Region	Work Packages	Number of Packages	Value (R)	Jobs
Council Chamber	F	Painting	1	785 770	5
		Floor Covering	1	306 352	6
Pikitup Office Refurb	F	Harambe youth (training)	1	42 500	17
Jabulani Amphitheatre	D	Demolitions & Alteration	1	218 514	8
		Excavations	1	127 487	4
		Plumbing	1	93 500	4
		Stormwater	1	289 000	4

Portfolio Profile continued

ITEM	Region	Work Packages	Number of Packages	Value (R)	JOBS
IOC Martindale	C	Demolitions	1	37500	15
		Cleaning	1	25000	5
		Painting	1	50000	10
		Tiling	1	20000	2
TOTALS			11	1 995 623	80

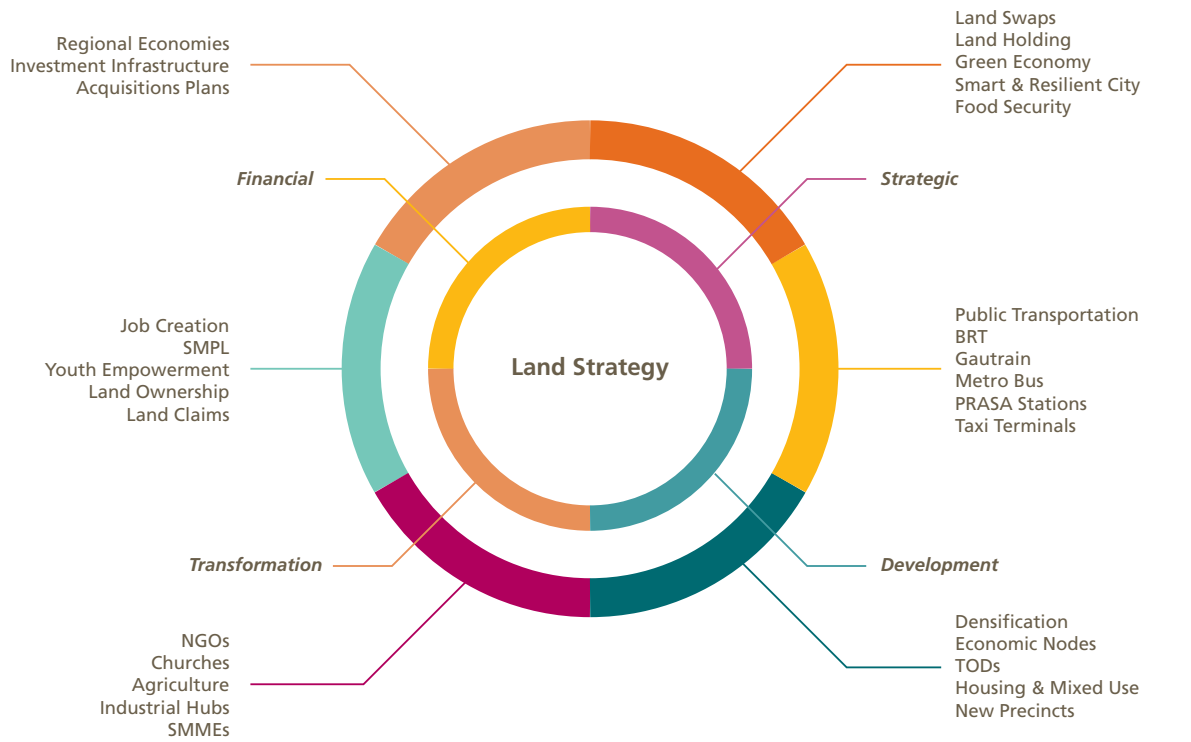
Office Space Optimisation (OSO) (Pillar 3)

Phase 1: JHB CBD Construction of the Council Chamber Wing in line with Green Principles. The building will be the pinnacle of “green building” practice and will be the first publicly owned building to be Green Star rated.

Smart City: Land Strategy (Pillar 4)

The JPC’s emphasis is that land must be viewed as a key resource that is fundamental in influencing and shaping desired spatial, social and economic objectives. It is a key resource that can be utilised to achieve the City’s policies, goals, and objectives. JPC is the only municipal owned entity that manages the City of Johannesburg’s diverse and specialised property portfolio. To this effect, it is tasked with transforming and utilising the portfolio in a manner that will provide sound benefits and enable the City to achieve its economic, social, and transformational goals and objectives.

A Dynamic Changing City



In response to the City’s Growth and Development 2040 Strategy (GDS 2040), JPC developed a JPC 2040 Strategy “Transformation Through Property”, that will play a role in supporting the City’s strategic priorities; including economic and social development, as well as the City’s service delivery and transformation objectives.

JPC has therefore embarked on a strategic move to develop a Land Strategy that will guarantee that the utilisation of the property portfolio is in the interests of the City’s strategic and transformative objectives, so as to ensure that:

- The City’s properties are comprehensively well-managed;
- Decision-making on property related matters is faster but also well-considered within a sound strategic framework;
- There are well-considered public property developments supporting City’s strategy; and
- The Land Strategy supports all strategic frameworks within the City and responds to the City’s service delivery requirements.

Land Strategy Progress

JPC embarked on a strategy to develop a comprehensive Citywide Land Strategy. The outcomes of the Land Strategy will ensure the effective and efficient management of JPC’s property portfolio, provide a platform for effective decision making within a sound strategic framework, and ensure efficient utilisation of land to support Smart City, Green/Blue Economy and Urban Regeneration Asset Register Movement.

The Land Strategy has taken shape and is currently progressing at a rapid speed and has been rolled out in the following phases that include the progress to date:

Phase No	Milestone	Progress	Due Date
1	Developing the Decision Making platform	Completed	
2	The Policy Framework	Completed – to be workshopped	
3	Research and Analysis	Completed	
4	Developing the Property Portfolio	In Progress	30 Sept 2016
5	Developing the Land Strategy	In Progress	30 Sept 2016 (draft)
6	Developing the Enabling Policies and Instruments	To take place after the workshop	30 Sept 2016 (draft)
7	Finalise Project Documentation and Close Out		31 Dec 2016

Customer Relations Management

The purpose of the Client Services and Customer Care Unit is to provide a customer relations service for its citizens, the City and its entities that ensures the effective, reliable, and improved business efficiency within JPC, timeous resolution of customer enquiries, and tracking the progress of transactions relating to Council-Owned Properties and Facilities Management Services.

- Promote JPC as a professional, transformative and customer centric organisation.
- Effective, reliable and improved business efficiency within JPC
- Position JPC as an employer of choice.
- Foster a corporate social investment and sustainability culture.
- Build and maintain sustainable relations with JPC stakeholders and the property industry at large.

Portfolio Profile continued

The Company values have become an ethical foundation and are fundamental to the JPC's success. Such values define the company and set it apart from the competition. They underlie the Company's vision of the future, its business strategies, decisions, actions and behaviour. Company values form the backbone of any successful organisation and are not just important, but rather are crucial to the overall ascendancy of JPC.

Currently JPC stores all its property transactional information on the PIMS System, its financial / billing information on the Nicor System, and its asset register is maintained on an Interland System that is in process of migrating to the City's Land Information System. With the integration of the Nerve Centre, Councillor Help Desk there will be one seamless system aligned to PIMS.

The Call Centre will be established on the SAP Platform that the City is currently utilising which will reduce the set up costs substantially.

In order for the call centre to be effective and efficient and to adhere to the turnaround times as set by the shareholder, it is required to have accessibility to all data bases that must be properly maintained and up to date. Without access to this up- to-date information, the call centre will not be in a position to respond to stakeholders immediately and matters would be required to be referred to a back office to gather this information.

The business processes have been mapped for all core and support functions:

- JPC Property Value Chain
- Transactional Activity
- Property Portfolio (acquisitions, servitudes, Municipal)
- Property Portfolio (Commercial, Social – lease renewal)
- Property Development
- Asset Management
- Facilities Management
- Finance
- Supply Chain
- Legal Services

Client Service Help Desk / Call Centre: The Technical specification and process have been developed and will be mapped to the core and support departments.

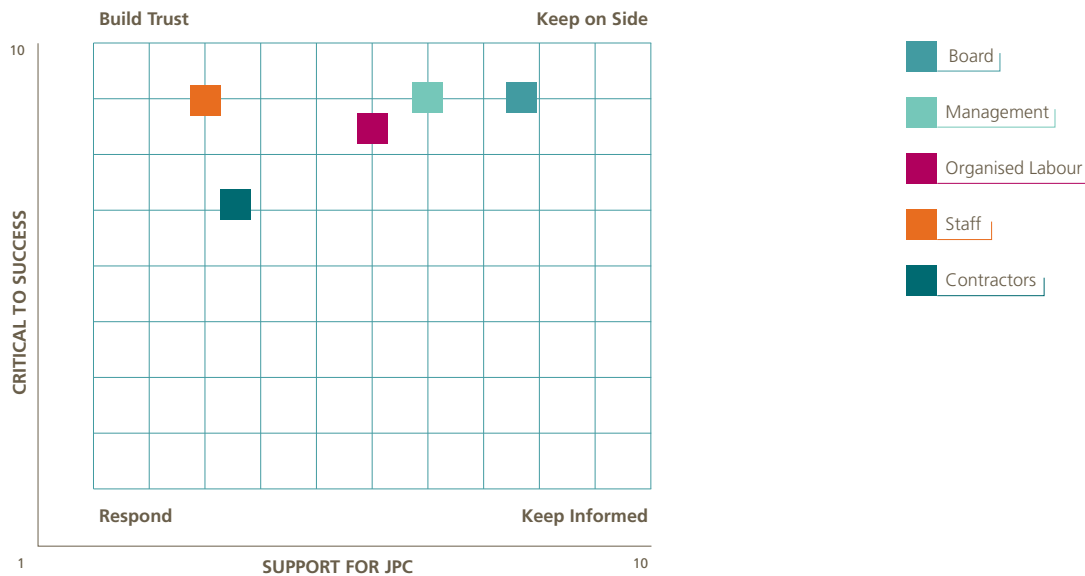
Marketing and Communications

The JPC Marketing and Communications Strategy was approved in May 2015. The focus for department the first quarter had a tactical component of looking at the organization internally before taking the brand to the external market.

Internal Communications focused on two staff newsletters through the year: Getting to Know You – a focus on the team outside the office, their interests and how long they have been here; Staff Talk – with a Business Operation focus. There was the celebration of birthdays on a monthly basis where each staff member is invited to join the CEO for tea, for an hour or two, once again social cohesion amongst employees remains key.

These activities emanated from an internal stakeholder matrix that was developed that measured the influence that they have on the success of the marketing and communications strategy, as well as the current perceptions of the JPC.

The net results of the analysis indicated a strong requirement for the organisation to inform and build trust with its employees (JPC's key brand ambassadors), management contractors, and organised labour and to build a sound rapport and good working relations with its Board.



Tours of Developments

There are regular tours that are conducted to the developments that the JPC manages. In September a board tour was conducted to eight developments, these were Orlando eKhaya, Bara Central, Paterson Park, Johannesburg Holocaust and Genocide Centre, 27 Boxes, Newtown; Kwa Mai-Mai and the OSO Metro Centre Precinct.

The Auditor General commended the JPC after being taken on a tour of the following precincts 27 Boxes in Melville, Phase 1 of the Potato Sheds Mixed-Use Development (Newtown Junction) valued at R1.3 billion, the Council Chamber Development at the Metro Centre Precinct. This was for purposes of verification.

Two Media Tours were conducted in February and May 2016. The purpose of this tour was to share with the members of the media and subsequently the public the work of the JPC and encourage the visitors to tell of their experiences at the developments and to interact with the development team. The amount of publicity generated when the journalists tour with the members of the company. In February the sites visited were Soweto Theatre and Amphitheatre, The Council Chamber and Newtown Junction. In May it was the Council Chamber, Bara Central, the Johannesburg Holocaust and Genocide Museum as well as Newtown Junction.

Social Media

On the 1st of February the JPC launched its four social media platforms Facebook, LinkedIn, Twitter and Instagram. These are updated on a weekly basis to showcase the projects and share media coverage that is available about us with our followers. This allows for immediate and wide reach to the crucial stakeholders like councillors and citizens. These platforms are inexpensive and have allowed JPC topics to trend.

Advertising

Press releases developed have gathered traction with various publications both print and online. The angle of these articles has been to position the JPC locally and globally as a leader in the Property Portfolio Management and Outdoor Advertising Management.

The only paid for advertorial this year was in Leadership magazine in February 2016. The SAPOA Conference also provided room for JPC advertisements as part of the sponsorship agreement.

Portfolio Profile continued

The other articles were generated as topical which is much more convincing than a paid for article. This year the JPC featured in the following online publications:

- Green News Development, feature discussed the Green Star Rating for the Council Chamber
- CoJ website carried all the press releases featured on the developments
- South African Property Owners' Association (SAPOA's) website featured the platinum sponsorship partnership that was addressed from April until June. Also, it made reference to the training programme that JPC offers its staff members.
- South Africa Institute of Black Property Practitioners (SAIBPP) featured the JPC as a gold member and also the efforts of the organization to transform the industry.

Media monitoring grew considerably in the period January to June 2016. A number of property developments featured prominently in print media, and the CEO featured on a number of radio stations. The press media featured developments such as the Council Chamber, Newtown Junction, 27 Boxes, Public Convenience Facilities, Pimville, Jabulani, the Totem Project, the SAPOA Platinum Sponsorship and lastly. Showing a vast growth in the organization's media presence.

The topic that was the hero was the Outdoor Advertising Indaba and the issues of transformation in the industry as well as illegality of the many operators that exist. This was covered in the media, social media and radio broadcasts – Talk Radio 702 and Kaya FM.

While the bricks and mortar projects were sought after, there were also issues like the JPC's investment in staff through the Wits Built Environment courses.

There were a number of media queries that pertained to recreation facilities, council owned property.

Radio broadcasts were kicked off with the Talk Radio 702 broadcast interview on the JPC. This was followed by a few other interviews on community radio stations like Radio Today.

External Events

- Outdoor Indaba – 220 delegates in May
- African Construction and Totally Concrete Expo
- SAPOA Platinum Sponsorship Announcement in Parktown in April
- CEO Stakeholder Dinner in June

Internal Events

JPC Women's Day Breakfast

The theme of the JPC Women's Day was "Women Uniting in the Pursuit of their Destiny". The event served to heighten the pivotal role women can place in society as leaders, workers, wives, mothers, grandmothers, and daughters of tomorrow. In particular, the message encouraged JPC women to actively play a leadership role in the company's renewal process by being proactive agents of change and creating opportunities for their own personal growth and development. This is in alignment with the JPC strategic objective of being "an Employer of Choice" who invests in employees who positively transform the workplace.

JPC Health and Wellness Programme

The primary objective of this series of regular events was to inform, educate, and create awareness of the sustained long-term benefits of leading a healthy and well-balanced life amongst all JPC Employees. The programme of events positioned JPC as an "Employer of Choice" who invests in their human capital and most valued asset. JPC is committed to providing avenues to encourage healthy living as a way of life.

Since September 2015 JPC has taken a holistic approach to enhancing the well-being of employees by ensuring a well-balanced and productive workforce. It offered a pro-active “Wellness Service” to develop and improve employee self-esteem and morale; thereby creating a heightened consciousness of the sustained long-term benefits of committing to living a healthy, well-balanced life. This exercise built a sense of ‘belonging’ within an embracing and compassionate company.

On 02 October 2015, a comprehensive health screening and CANSA Shavathon for JPC employees was hosted at Braampark. The theme for the event was “Uniting Healthy Minds Results in a Productive Workforce.” The services offered on the day included a Shavathon, SANCA’s substance abuse talks and information booklets, testing of blood pressure, body mass index, glucose, cholesterol, haemoglobin, HIV, and smoking status.

During November 2015 Employees were educated about the risks of diabetes and the JPC Aids Day was commemorated during December. HIV/Aids Awareness brochures were printed and distributed to employees. A candle lighting ceremony was held at Braam Park and the various depots on Friday, 04 December 2015.

JPC Morning Teas with the CEO

As part of the JPC Employee Engagement, a high tea for all employees was planned. Personalised JPC branded cards were designed and printed and branded invitations were sent out to birthday employees. The CEO greeted the birthday employees and treated them to cake and tea.

JPC Wits and SAPOA Awards Ceremony

An awards ceremony for JPC students who enrolled in short term courses was held to recognise students’ achievements and milestone. The ceremony was held at the Wits Club and was hosted by SAPOA and Wits. Both the JPC and SAPOA CEOs addressed the students and internal marketing assisted with social media and photography at the event. There were individual and group photo opportunities thereafter.



JPC Certification Ceremony

Portfolio Profile continued

Internal Focus

The Marketing and Communications Unit had an internal focus as it entered the 2015/2016 period. This was a deliberate endeavour in support of various Change Management initiatives and for the embedding of core Values, Vision and Mission and Core Business of the Company. The Unit adopted an integrated employee involvement and participation approach. This approach has further been used in various Corporate Social Investment initiatives like the Mandela Day Programme, the Women's Day event and various Newsflashes.

Communication with employees, informing them of organisational change, took place on multiple platforms. These included newsletters, online newsflashes, leaflets, competitions, and facilitated focus groups. A deliberate strategy was introduced to ensure that communication emanating from the organisation was translated into the vernacular. The latter was received well by employees located at JPC depot as the messages and themes immediately resonated with them, eliminating the need for an interpreter.

Campaigns were run on profiling individual employees, 'Getting to know you' about their hobbies, their family lives and favourite dishes etc. This had the effect of bringing about humour and a lighter side to the workplace and was a conversation point in the coffee and lunch breaks. A sense of connectivity was created amongst employees whom would have ordinarily not gotten to know that much about each other.

Corporate Social Investment

JPC Mandela Day, JPC Children's Festive Event; JPC Senior Citizen's Lunch, and Bring Joy to Someone's Heart Gift Collection

A great sense of philanthropical spirit and unity was created at JPC when the Communications and Marketing team led the Mandela Day '6 crops and 7 gardens' which took place from 20 to 24 July 2015. JPC's purpose is to make a meaningful, tangible difference to communities and in so doing fulfil the Company's vision of enriching the lives of Johannesburg Citizens. Employees actively volunteered their time and worked in conjunction with communities in planting vegetable gardens across seven regions. In terms of strategic objectives, the event promoted a culture of corporate social investment in all 7 regions that the JPC serves.





Children from the Day-By-Day Aftercare in Meadowlands, Region D strike a pose after having their faces painted at the 2015 JPC Children's Festive Event.

A Multi-Platform Communications Medium

A multi-platform communications medium was developed in conjunction with the University of Johannesburg that allowed for greater reach to JPC primary external stakeholders, inclusive of councillors and MMC's. The multi-platforms included social media like Facebook, Twitter, and WhatsApp. The solution also included the broadcast of JPC themes and messages on mediums such as DSTV. Economically the solution was very prudent and the communications team was able to negotiate a rate 50% below the market price.

The development and packaging of JPC products and services also took centre stage in the period under review. Extensive work was undertaken with regards to OSO, asset verification and the imminent land strategy. Marketing and Communications ensured the packaging and channelling of the products to market, enabling the successful role out of core business objectives and timelines.

Media and Public Relations

The strategic thrust of JPC's Media and Public Relations is to build and develop relationships with the media, and to constantly inform the public of the JPC's mission, policies, practices, and projects in a positive, consistent and credible manner. Through both proactive and reactive activities, Communications continues to position the JPC locally and globally as a leader in Property Portfolio Management and Outdoor Advertising Management.

Leadership Magazine was one of the publications that was identified to place advertorials and packaged messages to position the JPC brand externally. The publication provides insight, business intelligence, and interviews with business and government leaders. It is deemed as one of the most prestigious and powerful communication platforms that talks directly to government, business leaders and key decision makers in South Africa. With this understanding, the Marketing and Communications Department, in conjunction with Line Managers, developed an advertorial for publication in this magazine for February 2016. An interview with the JPC CEO on the business and its service offerings was conducted in March 2016.

The CEO of the JPC conducted roadshows with the various stakeholders in the City's regions to stimulate dialogue. The proposed schedule of events has been communicated to the MMC's office.

Portfolio Profile continued

The media briefing by the CEO showed the media that the JPC is open to partnerships and that the CEO is accessible as is the Senior Manager Property Development.

Green News Development provided JPC with a platform to discuss the 5 Star Green Star Rating that is being worked towards when developing the Council Chamber. This was a complimentary double page spread in their e-zine. A media campaign was also made available on electronic billboards that highlight the Council Chambers. This campaign is pro-bono, compliments of Alive Media who utilised our skills to prepare a 15 second video promoting the message; "The City of Johannesburg brings you the Council Chamber." The JPC logo appears on five of the six frames.

Johannesburg City Parks & Zoo (JCPZ) partnered with a media agency to create a once off publication to celebrate its achievements and initiatives on environmental issues. The publication was placed as an insert in the Mail & Guardian, The Times, and Sowetan. The City's entities were approached to place sponsorship advertorials in the publication. A report to advise JPC on the return on investment for placing the advertorial was compiled and approved. Subsequently, the editorial content was prepared and approved.

Four press releases were prepared in the months of January and February 2016; these were for the OSO Council Chamber, Newtown Junction, Jabulani, and 27 Boxes. The releases have gathered traction and led to a number of articles and social media platform presence.

The CoJ utilised the OSO Council Chamber article to tweet on the day of the media tour,. Earth Works, a Cape Town based publication, ran a feature on the OSO project and actively engaged the JPC for additional information. While this was a niche publication it has a vast readership, and the article also appears on the JPC's website.

The Inaugural Outdoor Advertising Indaba was hosted on the 10th of May 2016 by the JPC for industry, the City and media buyers, where the main topics covered were; illegality of billboards, transformation, and the empowerment of SMME's. This forum created a host of media discussions in May, however this tapered off in May and a media plan will be implemented to ensure it has a six month intensive media presence.

A week later, the quarterly Media Tour took place and highlighted Bara Central and the newest phase that is under construction and that will complete the mixed used development through residences and offices. This was followed by a visit to the Council Chamber to showcase the development to date, followed by visits to 27 boxes in Melville, the Holocaust and Genocide Museum and finally wrapped up in Newtown.

Corporate Advertising and Internal Corporate Events

As part of the JPC's outdoor advertising, a traditional billboard was erected in Sandton Square, above the library. This billboard is available to the JPC pro-bono and showcases the new Council Chamber, internal, external and aerial views. The billboard appears in the following picture. Street pole advertisements are also to be erected and rotated around the city.

African Construction and Totally Concrete Expo

The aforementioned exhibition and conference took place on 9 – 11 May 2016 at the Gallagher Convention Centre. JPC participated by exhibiting as part of the CoJ's exhibition stand booked for the following Municipal Entities:

The OSO DVD and A0 Frames showcasing the Council Chamber at the Metro Centre Precinct were exhibited. The newly developed OSO Brochure was distributed at the event.

Council Chamber Public Art

A drive to promote the Public Art Competition was undertaken with the distribution of pamphlets in the regions. Various facilities including schools, community halls, taxi ranks, informal trading facilities, and shopping malls were targeted. A media release was also sent to Caxton publications to communicate the extension of the closing date from 3 June to 17 June.

Marketing

The departments in the organization constantly seek content to assist in profiling the organization and its projects. An outdoor advertising brochure and collateral for the OSO Totems Public Art Competition were produced namely, flyers, posters, and competition entry forms, along with the company profile and project timeline brochure.

African Construction and Totally Concrete Expo

The aforementioned Exhibition and Conference took place on 9 – 11 May 2016 at the Gallagher Convention Centre. JPC participated by exhibiting on the CoJ's Exhibition Stand booked for Municipal Entities.

Brand Identity Evolution

The brand identity has undergone a 16 year life-cycle with some distortion and confusion over the years pertaining to the company's name. The Company is at times referred to as Johannesburg Propcom, Propcom, JPC, Johannesburg Property Company, City of Johannesburg Property Company, City of Joburg Property Company or the Joburg Property Company. In addition to the above, the other challenge experienced is that the current logo does not emphasise the company name or the abbreviation "JPC." The logo also does not optimally incorporate the powerful CoJ mother brand that always co-exists with the JPC logo.

A Request for Quotation (RFQ) process was awarded for the Evolution of the JPC Brand Identity. The project entails identity evolution and the development of a Corporate Identity Manual. This will be presented at the next EXCO meeting in June.

Promotional Items

Branded promotional items, have been produced to increase brand awareness at the various events and platforms. These items include, journals, memory sticks, fridge magnets, notebooks, and backpacks.



A JPC lead Johannesburg Development Tour for SAPOA delegates. This briefing was at the new Council Chamber construction site in Braamfontein

Portfolio Profile continued

SAPOA 50th Anniversary Convention and Property Exhibition

The JPC, as the 2016 Platinum Partner for the 50th Anniversary SAPOA Convention and Property Exhibition, was allocated a premium position and stand size of 54m² at the Sandton Convention Centre from 21 to 23 June 2016. An interactive and high-tech stand design was presented for build-up at the convention. The stand showcased the JPC's core services and projects via print and audio visual mediums.

As the Platinum Partner for the prestigious annual property industry platform that attracts international delegates, JPC received extensive brand exposure across multiple platforms.



At the Opening Ceremony of the 50th Anniversary SAPOA Convention and Exhibition, from left, CEO of SAPOA, Neil Gopal, former Executive Mayor of the CoJ, Councillor Mpho Parks Tau, Former MMC for Economic Development of the CoJ, Councillor Ruby Mathang and CEO of JPC, Helen Botes.

Website and Social Media Statistics

The total number of sessions for the period under review, at the time of this analysis was 16,319. The total number of new visitors was larger than the number of returning visitors. The average duration of a session is 00:02:02 minutes. Although the bounce rate was high, this was considered a good indication of page layout and calls-to-action which exist on the website. This means that visitors are finding what they need quickly and efficiently.

Information Technology IT infrastructure and equipment

JPC IT has appointed Two (2) service providers to supply and deliver IT infrastructure and equipment as follows:

SAN Storage	Data Storage to add on the existing infrastructure.
Laptops, Thin Clients, Desktops and Monitors	Renewal of all laptops and desktops for JPC users as they are currently out of warranty.
UPS	UPS batteries to extend the lifetime of current UPS system, allowing continuity of services for JPC and all its depots.
SWITCHES	Additional core switches to add onto existing infrastructure.
IT Governance Tool	Governance tool automated way for a clear audit trail of all network operations.

Self Service Password Reset / Unlock

JPC IT implemented Self Service functionality for JPC users to reset and unlock their passwords by enabling them to perform self-account unlock.

All these activities are performed via a response authentication based on a series of questions and answers or through an OTP to ensure the integrity of the Active Directory security. All of which ultimately helps to protect critical data and eliminate unregulated access to resources. Ultimately this solution reduces IT workload through simplifying and delegating fruitless Active Directory management tasks.

With this solution, any enrolled employee can be granted the right to reset their password or unlock account without having to call the IT team. Through any web enabled devices domain users can perform self-service actions from any computer within the network using a web browser.

Project Name: Awareness

IT has implemented a weekly “pop-up” banner on the website that focuses on a different tip for the users each week. This tip will focus on a specific topic / area that the users may be struggling with. The tip will be a video tutorial on how to resolve the problem. This will also be used to publish marketing “pop-up” that marketing provides IT to insert as often as possible that increases the awareness and communication for the personnel of JPC.

Financial Performance

JPC

Operating Revenue

Revenue generated for the year-to-date is R446 223 889, which is 3.54% below the allocated YTD budget of R462 577 000. The subsidy was revised to R340 630 000 during the midterm budget review to fund the operations of JPC. To date, the subsidy comprises 76.3% of total revenue generated by JPC. An operating grant of R1 106 000 has been given to JPC for EPWP initiatives; the Ivory Park project has been completed at 2% below the allocated budget. Income from the Portfolio totalled R72 103 351 for the year-to-date, the revenue is 20.5% below the budgeted objectives for the reporting period. There has been a significant increase in the commission received from the Portfolio; however it is insufficient to cover the budget deficit. The significant contributor to the increase in Portfolio commission, for the last quarter, can be attributed to CAPEX projects as the revenue generated exceeded the approved budget by R14.2 million.

Commissions from land sales and acquisitions are below their budgeted objectives by 87.24% and 46.75%, respectively. This is predominantly due to the delays in the transfer of properties in the last quarter of the financial year. Facilitation fees are 1.66% below budgeted objectives and have performed satisfactorily.

Operating Expenditure

The overall total operating expenditure, before taxation, for the year to date June 2016 is R429 508 589, that equates to a saving of 9.07% of the allocated budget. Budget utilized on variable expenditure such as repairs and maintenance is an indicator of service delivery and effective utilisation of the subsidy provided by the City for its upkeep. Total expenditure on Repairs and Maintenance for the year to date is R34 175 770 against an allocated budget of R35 016 000.

Portfolio

Operating Revenue

CoJ-JPC Portfolio made an initial revenue projection of R168 747 666, to be recovered from rentals income from agency services and municipal charges. Total revenue generated for the period under review is R189 631 889, that equates to 12.38% below the allocated budget. The overall revenue from the rentals collection is 7.4% below the targeted budget. The overall revenue anticipated from the rentals collection is expected to improve as leases are renewed. However, due to the turnaround times required to approve new leases budgeted objectives could not be met for the 2015/16 financial year. Outdoor advertising generated R83 983 654 and exceeded budgeted objectives by 111%, significantly contributing to the profitability of the Portfolio.

Operating Expenditure

The overall total operating expenditure for the period under review is R173 425 074, against an allocated YTD budget of R235 430 666. For the 2015/16 financial year, the Portfolio has utilised its budget within the limits of what was approved by the CoJ. A provision for bad debts has been raised for R26 304 228 for informal traders and taxi facilities.

Capital Projects

Capital Expenditure

Projects Capital expenditure incurred to date is R133 180 000.00 and an amount of R116 922 723.52 has been received from CAM. The adjusted budget allocated for the year amounts to R133 180 000.00 for the year 2015/2016.

The Progress on the 2014/2015 CAPEX Budget

Project Name	Full Year Approved Capex Budget 2015/16	YTD Actuals Jul-15 To Jun-16	Percentage Spent YTD
Computer Equipment New Computer Upgrades BRAAMFONTEIN WERF EXT.1 F City Wide	4 000 000.00	4 000 000.00	100%
Erf 43-46 Victoria Ext 3(Paterson Park Node) New Housing Development VICTORIA EXT.3 E Regional	5 500 000.00	5 500 000.00	100%
FMMU - Public Conveniences New Public toilets JOHANNESBURG F Ward	6 500 000.00	6 500 000.00	100%
Jabulani CBD Precinct development New Operational Capex JABULANI D Ward	7 364 000.00	7 364 000.00	100%
Land Regularisation Renewal Operational Capex JOHANNESBURG F City Wide	4 900 000.00	4 900 000.00	100%
Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	30 000 000.00	30 000 000.00	100%
Orlando Ekhaya Waterfront Development Renewal Park ORLANDO EKHAYA D Regional	4 436 000.00	4 436 000.00	100%
Randburg CBD Renewal Building Alteration Renewal Building Alterations FERNDAL E Regional	1 000 000.00	1 000 000.00	100%
Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	7 400 000.00	7 400 000.00	100%
Rissik Street Post Office Restoration Project New Heritage JOHANNESBURG F Regional	20 000 000.00	20 000 000.00	100%
Rosebank Linear Park Redevelopment New Precinct Redevelopment ROSEBANK B Regional	2 000 000.00	2 000 000.00	100%
Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	25 000 000.00	25 000 000.00	100%
Site Development Projects New Land Preparation JOHANNESBURG F City Wide	12 393 000.00	12 393 000.00	100%
Watt Street Inter-change New Housing Development WYNBERG E Regional	2 387 000.00	2 386 559.15	100%
Total	132 880 000.00	132 879 559.15	100%

Capital Projects continued

Current Ratio (Liquidity)

Definition: The ratio is mainly used to give an idea of a company's ability to pay back its short-term liabilities (eg. debt and payables) with its short-term assets (eg. cash and receivables). The higher the current ratio, the more capable the company is of paying its obligations.

The ratios below are units of measurement currently being used by the City of Johannesburg (CoJ) to measure the financial position and performance of the various entities. The focus of this report will be on liquidity and efficiency ratios. A comparative of three years has been provided to observe the trends.

Debtors Collection Period

Definition: Measures the number of days a business takes to efficiently collect its receivables. CoJ-JPC Portfolio collection period is 50 days as compared to the industry norm of 60 days and this also takes into account debtors that are deemed irrecoverable. A bad debts report was prepared and submitted to Core Accounting. Weekly follow ups on the said report are performed as it has to be presented to Mayoral Committee for approval.

Financial Ratios	Norm	2015/16	2014/15	2013/14
Current Ratio	2:1	0.91:1	0.93:1	1.21:1
Solvency Ratio	1:1	1.29:1	1.14:1	1.28:1
Cash Coverage Ratio	1:1	2.16:1	-3.54:1	-6.93:1
Creditors Payment Days	30 days	62 days	30 days	31 days
Debtors Collection Days	60 days	67 days	303 days	376 days

Performance Monitoring Against the Scorecard

For the financial year ending 30 June 2016, JPC achieved 92% of the approved scorecard. JPC did not make any scorecard amendments to the targets for the period under review, as would be necessary at times, in line with the MFMA.

1. Sustainable human settlements

1.1 Develop and implement a comprehensive Facilities Management framework for City owned properties

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
100 % of targeted facilities redeveloped, and / or refurbished against Master Plan	100% of targeted facilities redeveloped, and / or refurbished against Master Plan	N/A	N/A

Target achieved as a 100% targeted facilities was redeveloped, and / or refurbished.

The target to transfer 13 000 properties was very ambitious; however, JPC managed to transfer a total of 3 065 properties which is the first compared to the prior years. There were challenges relating to Township Establishment that impeded the entity's ability to transfer title for identified properties. JPC is having engagements with the Department of Housing to assist in speeding up the process. There are a number of properties that will be transferred early in the next financial year of which the bulk of the preparations were undertaken in the reporting period.

1.2 Remodelling/ modernization and refurbishment of all current public toilets

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
100% of project plan for the FY implemented.	100% of project plan for the FY implemented.	N/A	N/A

Target achieved as a 100% of the plan was implemented.

1.3 Partnership model of the transport facility implemented in line with Mayoral resolution.

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
100% of project plan for the FY implemented	100% of project plan for the FY implemented	N/A	N/A

Target achieved as a 100% of project plan for the FY implemented.

1.4 Partnership management model with informal traders implemented

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
100% of management model implemented	100% of management model implemented	N/A	N/A

100% of targeted management model was implemented.

1.5 Develop and Implement a Citywide Land Strategy

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
Final approval of the Land Strategy	Final Approval of Phase 1 of the Land Strategy complete Phase 1 of the 7 milestones has been completed	N/A	N/A

The target has been achieved as the Phase 1 of the 7 milestones has been completed.

2. SMME and Entrepreneurial Support

2.1 Creation of the SMMEs, NGOs, Co-Ops and Community Organisation Programme

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
4 000 SMME's, NGO's,Co-Orps and Community Organisation supported	4 130 SMME's, NGO's,Co-Orps and Community Organisation supported	4 000 SMMEs supported NGO's,Co-Orps and Community Organisation supported	7 159 SMME's supported NGO's,Co-Orps and Community Organisation

The target has been exceeded as there has been 4 130 SMMEs supported against a set target of 4 000 SMME's.

Performance Monitoring Against the Scorecard continued

2.2 4 000 jobs created

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
4 000 jobs created	4 240 jobs created	8 000 jobs created	9 955 jobs created

The target has been exceeded as there has been 4 240 jobs created in the financial period against a set target of 4 000 jobs.

2.3 Release of land to SMME's, Co-Ops and Entrepreneurs under the transformation*, social economic*** and social** programme

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
35 SMMEs, Co-Ops and Entrepreneurs supported	50 SMMEs, Co-Ops and Entrepreneurs supported	Issue a request for proposal to Co-Ops	28 parcels of land identified, the database for Co-Ops is in place. 50 hectares of land, 1 hectare per 1 Co-Op released

The target has been exceeded in the period under review. JPC released 50 hectares of land to support Co-Ops for agriculture purposes which contributes to the food security programme of the City.

3. Financial Sustainability and Resilience

3.1 R100 million of rental income from leases and servitudes sales, servitudes and acquisition

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
R100 million income raised	R131 m income raised	R100 million income raised	R111 million income raised

Target exceeded with R31 million reported in the current financial year against the set target of R100 million.

3.2 Construction of the Council Chamber as per the Office Space Optimisation programme

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
Completion of all works and opening of chamber	Interim refurbishments to be complete to cater for the 1st council sitting	Site handover to the contractor	Site handover to the contractor

Target not achieved. Interim refurbishments to be complete to cater for the 1st council sitting in August 2016.

4. Transit Oriented Development – Priority Areas (corridors/nodes)

4.1 Acquisition of properties along the Transit Oriented Development and support the housing master plan Priority Areas (corridors and nodes)

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
Lodge transfer documents with Deeds Office for the 20 properties in the TOD and to support housing master plan	Negotiations Finalised. 22 Properties acquired	Acquisition of 20 properties along the Transit Oriented Development and support the Housing Master Plan by acquiring six properties in Priority Areas (corridors and nodes)	27 properties acquired for Corridors of Freedom and Housing Master Plan

The target has been exceeded. There are 27 properties that were acquired in the current financial period against a target of 20 properties. All 27 properties have been lodged with the Deeds Office for transfer.

5. Investment Attraction, Retention and Expansion

5.1 Third party investment on COJ property transaction/ Investment in construction.

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
R400 m investment by private sector	R423m investment by private sector	Third party investment on CoJ property transaction: R350 million investment by private sector	R477 million investment by private sector

The target has been exceeded for the financial year under review with R423 million third party investment attracted against the targeted R400 million.

5.2 Third party investment on COJ property transaction

Current Year 2015/2016		Prior Year 2014/2015	
Annual Target	Actual	Annual Target	Actual
R1 billion investment leverage on property transaction	R1.2 billion investment leverage on property transaction	R1 billion investment leverage on property transaction	R1 68 billion investment leverage on property transaction

The target has been exceeded for the financial year under review with R1.2 billion third party investment attracted on CoJ property transaction against the targeted R1 billion.

Assessment of Arrears on Municipal Taxes and Service Charges

Assessment of Senior Managers' Municipal Accounts

Name	Department	Municipality	Balance owing	Arrears
F Sardinios	EM: Management	COJ	Current	None
S Mntungwa	EM: Property Development	COJ	Current	None
IM Bhamjee	Chief Finance Officer	City of Tshwane	N/A	N/A
M Tisani	EM:HR	COJ	Current	None
M Makhunga	HOD:Strategy Management	COJ	Current	None
M Padayachee	HOD:IT	City of Tshwane	N/A	N/A

Assessment of Board Members' Municipal Accounts

Name	Municipality	Balance owing	Arrears
H Botes	COJ	Current	None
IM Bhamjee	City of Tshwane	N/A	N/A
A Mabizela	COJ	N/A	N/A
A Nevhutanda,	COJ	Current	None
M Morojele,	COJ	Current	None
M Rabodila	City of Tshwane	N/A	N/A
M Mojapelo	COJ	Current	None
F Ntombela	Midvaal	N/A	N/A
C Kai	N/A	N/A	N/A
M Mogale	N/A	N/A	N/A
L Mabuza	City of Tshwane	Current	None



Refurbished Counsel Chamber

4

Human Resources and Organisational Management

- 79 Human Capital Management
- 82 Employment Equity
- 85 Disciplinary Matters and Outcomes
- 87 Employee Wellness
- 91 Occupational Health & Safety Programmes

Exterior of refurbished old Council Chamber

Human Capital Management

Organisational Redesign and Placement

The crafting of a new JPC business strategy dictated that the JPC conduct an institutional review and this process culminated in the company undergoing a major organisational redesign process, aligning the structure of the organisation to meet its strategic objectives. All key elements of the organisation were reviewed and reconfigured, with the architectural review ensuring JPC and its resource base is optimally positioned for effective and efficient service delivery.

With the organisational architectural work largely having been completed, the emphasis has largely been on the people component and ensuring a rigorous approach with regards to the drafting of organisational job descriptions, the introduction of job titles and associated naming conventions, and the evaluation of newly defined roles.

Notwithstanding the importance of the above factors as the key building blocks in transforming the JPC into a high performing organisation, this process was also undertaken under the auspices of fairness and transparency. The process ensured full comprehension and engagement on the part of employees, and especially in regards to the placement of employees.

The JPC developed a sound framework for the placement process of employees that was jointly developed by a management team and employee representatives.

The change management and communications approach kept employees informed of progress and their inputs were solicited at all material times. The nature of mediums for the staff engagements ranged from road shows, newsletters (multi lingual), focus groups, flyers (multi lingual), and individual one on one consultations.

The organisation's placement process served to bring about closure to the organisational restructuring and was informed by a leadership ethos of ensuring that there was no job losses experienced.

Skills Development

With the finalization of the new organizational design and the placement employees into their new roles within the structure, the next focus was skills development. The skills development drive was driven by an approach that:

- Properly positions and utilises of the expertise that exists in JPC.
- Develops a multi-skilled and flexible workforce through career development plans in line with the strategy that enables the organisation to adapt rapidly to changing operational requirements.
- Develops measures to upskill employees with the focus on technical skills, leadership and generic skills.

In addressing the above, the JPC has formed partnerships with several services providers and institutions, specifically SAPOA and WITS, in order to provide property related training to employees. The training is a correlation between theoretical and a practical training with the emphasis on gaining work experience, accreditation, and eventually professional designations.

This model has assisted the JPC in creating high working and performance standards that meets the business performance work standards. The model will ensure that employees perform to their full potential and have ability to make informed decisions and deliver on business objectives. It will also contribute towards improving the following essential business outcomes:

- Increase productivity and quality of work
- Improve customer satisfaction
- Improve employee engagement and motivation
- Encourage innovation
- Improve employee morale
- Reduce staff turnover and absenteeism

Human Capital Management continued

JPC in partnership with SAPOA and Wits University held a Certificate Award Ceremony for a total number of eighty one (81) employees who completed the first two courses: twenty seven (27) Senior Managers were enrolled on the Municipal Finance Management Program (MFMP) as part of ensuring compliance with National Treasury regulations.

The Matriculation Certification Programme also continued and the examination for all 16 registered matriculates took in June 2016 and with July seeing the next intake of employees for the matric programme .

The 2016/2017 Workplace Skills Plan was submitted to the Services SETA in April 2016 for the application of mandatory grants. The WSP training initiatives will focus on the critical and legislatively required, functional/ technical and generic competencies.

SAPOA and MFMP programs have progressed positively and have had a positive impact on employee's knowledge and practical skills that can be immediately implemented.

SAP Payroll Integration and Rollout Project

The SAP Payroll Integration and Roll-out project reached its final milestone, the Go-Live stage that saw the HCM team providing over-shoulder training as part of ensuring readiness and a smooth transition and successful implementation of SAP and the running of the Payroll Operations. The focus for HR has been to embed the HR processes by creating awareness amongst employees.

The system changes that employees will experience are in respect of the following aspects:

- Leave Management: Employees with zero annual leave balance will have any leave taken recorded as unpaid leave
- Manual payslips instead of electronic payslips.

JPC and COJ are engaged in negotiations to finalize salient elements of the Service Level Agreement to ensure its approval and sign off.

Change Management

HCM has undertaken a structured approach to deliver on the change management agenda by identifying key themes that will feed into the transformation and drive change management. These themes are aimed at winning the "hearts and minds" of employees and indirectly influencing them to deliver on the strategic agenda and to yield benefits of effective change management. The following key focus areas were identified:

1. Organisational Rituals
2. CEOs' roadshows.
3. Staff engagements interventions

JPC has adopted the "Employee Birthday Celebration Ritual" for employees who have celebrated their birthdays so far. On the day, employees have received birthday cards with a special message written by the CEO and also had the opportunity to have cake and a chat with the CEO. This ritual has helped to build social bonds between employees and the employer. Employees have shown a positive response to this initiative and were impressed with what the organisation is doing to show that it cares about its employees.

In the quarter under review, one hundred and four (104) employees in total were invited to birthday celebrations.

“Short Personality Profile” interviews were also conducted with employees celebrating their birthdays in the particular month in order to get to know the employees and take their pictures to showcase on the day of the birthday celebration.

Birthday Celebrations and “GET TO KNOW YOU” activities form part of the Change Management initiative and that is one of our key focus areas to drive effective change in the business. Human Capital Management has conducted five birthday celebrations so far as part of the change management initiative and this initiative will continue until the end of the year.

Talent Acquisition (Recruitment and Selection)

The objective of talent acquisition endeavors is to employ the right people with the right skills, whilst at the same time complying with recommended best practices and legal requirements of the talent acquisition policy that is focused on capacitating the organization.

For the period from July 2015 to June 2016, the organisation made seventeen (17) appointments into key strategic positions.

Position	Engagement date	Department
Manager Land Regularisation	01 January 2016	Office of the CEO
Legal Advisor	01 January 2016	Office of the CEO
Company Secretary	01 January 2016	Office of the CEO
Senior Manager: Marketing Communication	07 January 2016	Corporate Services
IT Helpdesk Supervisor	01 February 2016	IT
Internal Control	01 August 2016	Office of the CEO
Specialist: IT	1 October 2015	IT
Creditors Clerk	01 November 2015	Finance
Receptionist	01 November 2015	Corporate Services
Financial Accountant	01 November 2015	Finance
Assistant Manager: Strategic Technical Support	01 November 2015	Office of the CEO
Senior Manager: Internal Control	01 August 2015	Office of the CEO
Head: Human Capital Management	01 October 2015	Corporate Services
Head : Strategic Management	01 July 2016	Office of the CEO
Executive Manager: Corporate Services	01 July 2015	Corporate Services
Executive Manager: Portfolio Management	01 July 2015	Portfolio Management
Executive Manager: Operations CRM	01 July 2015	Operations CRM

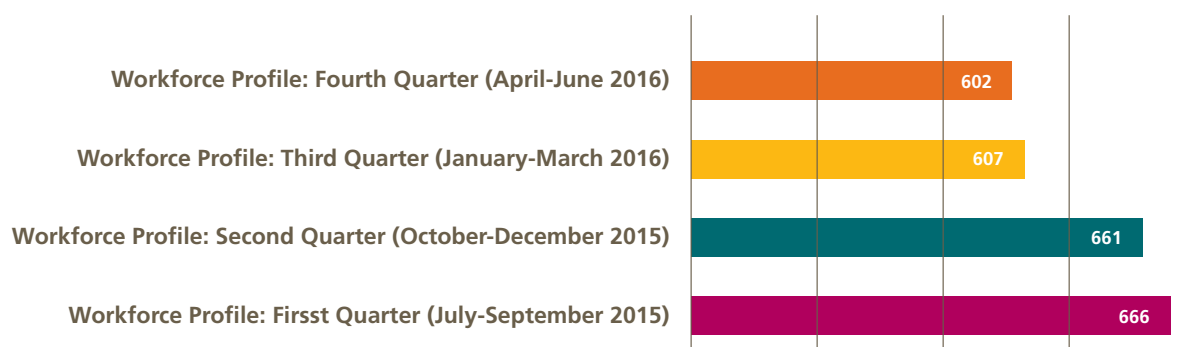
Employment Equity

Employment Equity demographic status indicates that the JPC has a total staff compliment of 602 employees as of the end of June 2016 including people with disabilities and temporary staff.

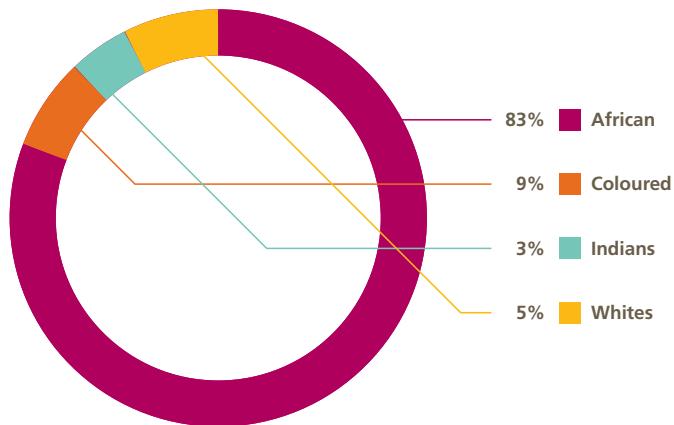
Note: **A**=African, **C**=Coloured, **I**=Indian and **W**=Whites.

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	2	0	1	1	0	1	0	0	0	0	5
Senior Management	1	0	0	0	1	0	2	0	0	0	4
Professionally qualified and experienced specialists and Mid-management	17	0	4	6	16	1	2	3	0	0	49
Junior Management, Superintendents and Management	119	4	5	12	47	8	2	5	1	0	203
Semi-skilled/Administration	108	7	3	1	41	8	0	2	0	1	171
Unskilled and defined decision making	76	10	0	1	67	15	0	0	0	0	169
TOTAL PERMANENT STAFF	323	21	13	21	172	33	6	10	1	1	601
Temporary Employees	0	0	0	0	1	0	0	0	0	0	1
GRAND TOTAL	323	21	13	21	173	33	6	10	1	1	602

The graph indicates the staff profile respectively for 2015/2016 financial year. The analyses illustrate the significant decrease in terms of the staff deduction in comparison to the previous quarters.

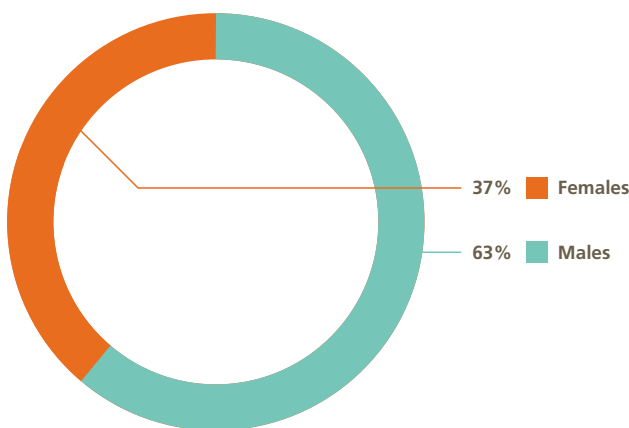


Racial Split and Gender Split as at End June 2016



Overall Racial	JPC Total			
	A	C	I	W
Actual	83%	9%	3%	5%
Target	78%	4%	2%	16%
Gaps	5%	5%	1%	(11%)

The graph and table above shows that designated racial groups referred to as Blacks are over-represented, whereas the non-designated group referred to as Whites are under-represented by 11%. The under-representation has also been identified as a barrier in the EE plan and corrective measures are needed to close the gap against the set target.



Gender Split	Males	Females
Actual	63%	37%
Target	50%	50%
Gaps	13%	-13%

The key gender profile highlights that the JPC is characterised by a high representation of male employees in all occupational levels and under representation of female employees, especially in the first three top occupational levels. The corrective action is for the JPC to actively target females from under-represented racial groups namely White, Indian, and Coloured, especially for the top Senior Management and professionally qualified Middle Managers. This trend is a challenge experienced within the sector and HCM in conjunction with EE committee and leadership will implement initiatives to attract, develop and retain women. This outreach has been identified as essential in order to ensure an all-inclusive gender appreciative culture conducive to transformation.

Employment Equity continued

Performance Management & Succession Planning

The Human Resources department has embarked on the process of embedding performance standards that entailed developing performance standards for all new job profiles by focusing on the following tasks:

1. Determining the total number of jobs per division
2. Profiling and evaluating jobs
3. Categorising jobs that are similar or related
4. Determining common Key Performance Standards
5. Defining performance standards (methodology or principles)

Common Performance Standards for the following occupational categories have been finalized:

- Executive Managers
- Senior Managers
- Middle Managers/Operational Managers/Supervisors
- Administrators
- IT

Employee Benefits

Employee Remuneration is based on all-in inclusive packages (total cost to company), including Employer Contributions towards benefits such as pension, housing, and medical aid. These employee costs represent 51.17 % of JPCs' expenditure.

Salary Bill for 2015/2016 Financial Year (July 2015 – June 2016)

Salary Bill for 2015/2016 Financial Year				
Quarter 1	Quarter 2	Quarter3	Quarter 4	YTD
50 529 948	68 904 984	50 899 947	56 371 990	226 706 869

Leave Provision for the Period Under Review

Leave Provision for 2015/2016			
Quarter 1	Quarter 2	Quarter3	Quarter 4
12 072 630	14 261 917	14 725 916	15 231 393

Overtime Costing for the Period Under Review

Overtime Costing for 2015/2016				
Quarter 1	Quarter 2	Quarter3	Quarter 4	YTD
1 019 455	987 011	1 084 090	1 096 370	4 186 926.00

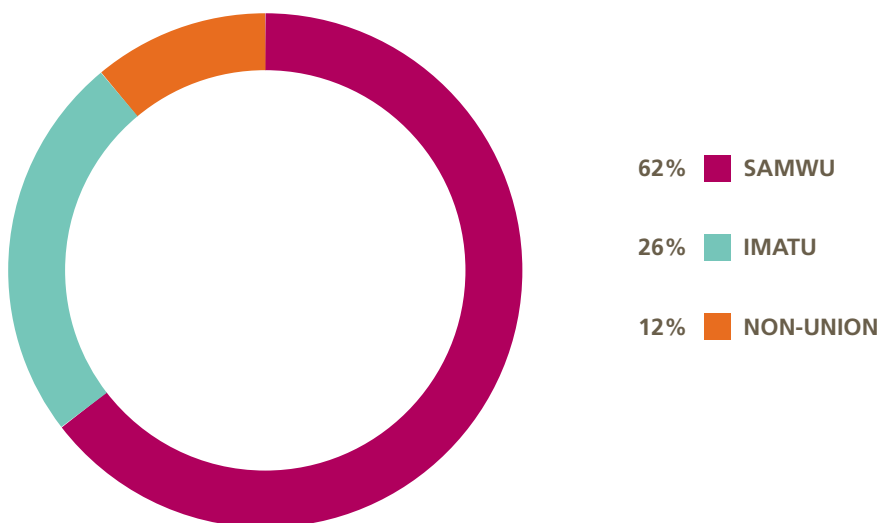
Disciplinary Matters and Outcomes

Local Labour Forum

HCM, in consultation with the Executive Management team, have adopted relationship building initiatives aimed at building and maintaining a conducive relationship with organized labour. These relationship building initiatives are seen as a drive from management to revive the LLF.

Union Representation at JPC

The graph below indicates that from a total staff complement of 602 employees, as at end of June 2016, 533 employees of JPC are unionized and only 72 employees are non-union members. These numbers necessitate a very structured and sound labour relations approach to ensure a harmonious working environment.



The Pikitup Agreement and Parity Exercise

The COJ parity benchmarking exercise has commenced, however in this quarter it had to be halted as a result of unprotected strikes that took place in February, March and April 2016. A final agreement was concluded on 15 April 2016 and in terms of this agreement COJ will implement a common salary scale adjusted/ notched for tenure with progression based on performance.

Misconduct

For the period under review nine (9) cases were reported and/or processed. Below are the details and the status of these cases.

Case Description	Outcome
Insubordination and Insolence	Employee was formally charged and a disciplinary enquiry instituted and the employee resigned prior to the disciplinary hearing and the matter was closed.
Absenteeism	Employee was formally charged and a disciplinary enquiry instituted and the employee was found guilty and dismissed.

Disciplinary Matters and Outcomes continued

Case Description	Outcome
Gross Insubordination and Negligence	Employee was formally charged and a disciplinary enquiry instituted and the employee was found guilty and a Final Written Warning was sanctioned.
Misappropriation of company property (goods)	Employee was formally charged and a disciplinary enquiry institute and however, the employee resigned prior to the disciplinary hearing and the matter was closed
Gross Misconduct, gross negligence and gross dishonesty	Employee was formally charged and a disciplinary enquiry instituted and the employee was found guilty and a Final Written warning was sanctioned.
Gross Misconduct, gross negligence and gross dishonesty	Employee was formally charged and a disciplinary enquiry instituted and the employee was found guilty and a Final Written warning was sanctioned.
Absenteeism	Employee was formally charged and a disciplinary enquiry instituted. the employee was found guilty and a Final Written Warning and referral to EAP was sanctioned.

Disputes

For the period under review two (2) disputes were received and/or processed. Below are the details and the status of these cases.

Case Description	Outcome
Unfair Labour Practice (Acting allowance)	The dispute was arbitrated by the CCMA and the matter was dismissed on technical grounds (CCMA didn't have the jurisdiction to adjudicate the dispute)
Unfair Labour Practice (Disciplinary measures)	The dispute was arbitrated by the CCMA and the matter was dismissed on technical grounds (CCMA didn't have the jurisdiction to adjudicate the dispute)

Grievances

For the period under review three (3) grievances were lodged and processed. Below are the details and progress:

Case Description	Outcome
Reported the line manager in that he took a company property and never returned it.	The matter was investigated and the line manager was charged with misconduct. However, the line manager resigned on 8 March 2016 pending the finalisation of the hearing (see misconduct cases above).
Acting allowance being stopped.	The matter was investigated and escalated to step 2 of the grievance procedure. However, the employee waived his right and referred an unfair labour practice dispute with the CCMA. (See dispute cases above)
Reported an unfair treatment from the line manager.	The matter was investigated and escalated to the step 3 of the grievance procedure. However, the line manager resigned and the matter was deemed as finalised.

Employee Wellness

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

An organizational wellness plan for 2016/2017 is being developed for implementation in the financial year. The plan will encompass all pillars of employees' wellness and a wellness profile will be developed to advise further business planning.

Human Resources Policies

The following Human Capital Management policies were reviewed and approved by the Board with effect from 23 May 2016:

- Leave Management Policy
- Remuneration strategy and philosophy
- Travel and Subsistence Policy
- Organizational Structures and Employee Mobility
- Talent Acquisition
- Performance Management
- Training and Development
- Employee Mobility
- Organizational Structures and Maintenance
- Code of Conduct
- Job Evaluation
- Travel and Subsistence Policy
- Employee Health and Wellness Policy
- Employment Equity and Transformation Policy
- Payroll Management Policy
- Gender Policy

HCM will conduct roadshows to workshop all policies with line managers and respective employees to build awareness and educate employees particularly on the policies that impact on them directly. The objective is to ensure compliance and adherence to all policies and the implications for non-compliance.

HCM has also has conducted a workshop on the disciplinary and grievance policy and this will continue into next quarter.

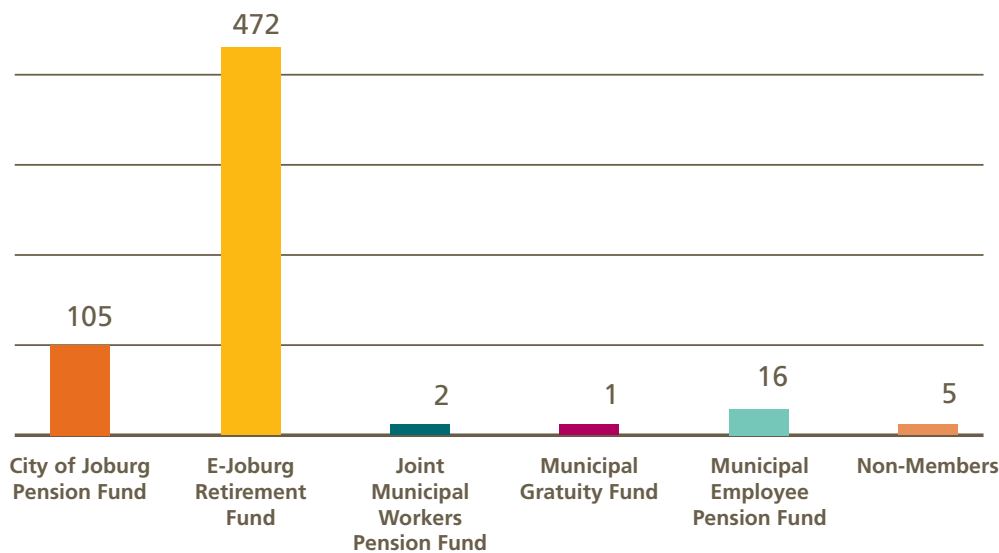
Employee Benefits

Pension / Retirement and Provident Fund Membership

Pension Fund Membership	Total	Remarks
City Of Joburg Pension Fund	105	Defined Benefits
E-Joburg Retirement Fund	471	Defined Contributions
Joint Municipal Workers Pension Fund	2	Defined Benefits
Municipal Gratuity Fund	1	Defined Contributions
Municipal Employee Pension Fund	16	Defined Contributions
Non-Members	5	Ftc
Total	600	

Employee Wellness continued

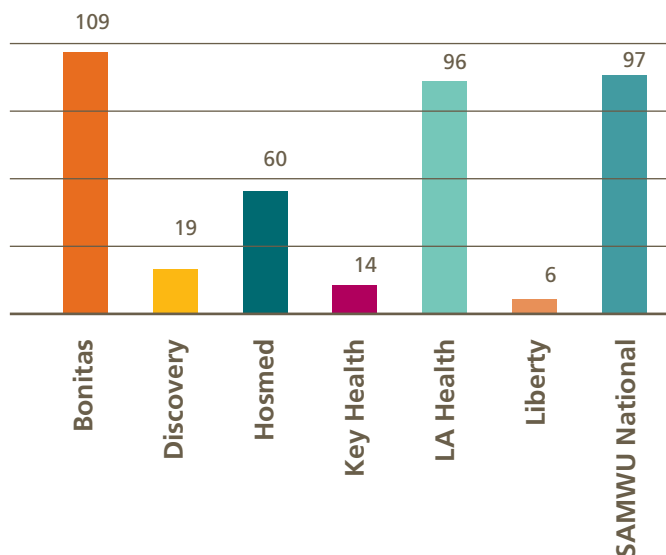
In terms of the JPC's Collective Agreement on Conditions of Service, it is compulsory for all employees to belong to a pension fund of which the company contributes 18% towards. The preferred defined pension fund is E-Joburg Pension Fund, however, employees who already belonged to one of the above mentioned pension funds will continue with these former funds. The graph below shows the pension fund distribution.



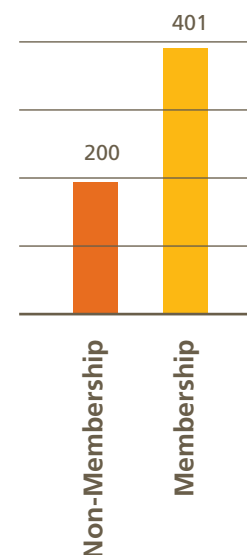
The Accredited Medical Aids Schemes Memberships

Medical Aid Scheme	Membership
Bonitas	109
Discovery	19
Hosmed	60
Key Health	14
La Health	96
Liberty	6
Samwu National	97
Total Membership	401

Medical Aid Schemes



Medical Aid Membership



The graphs above indicate the accredited medical aid schemes and the membership distribution of each scheme. They also show the non-membership of employees, of which the majority falls within the lower levels and income earners. JPC encourages employees to belong to one of the accredited medical aid schemes as the well-being of its workforce is vital. A healthy workforce increases productivity and achieves excellent results. The 60/40 split rule applies towards medical aid of which the company contributes 60%, capped at an amount of R2 500.

One (1%) of employee' belongs to an alternative private medical aid scheme and have provided proof to indicate membership with other medical aids. In respect of non-membership, management is in the process of investigating alternative solutions in partnership with other stakeholders to accommodate such special cases. The key element of non-membership is due to legacy and affordability.

Staff Movement

Recruitment: It is reported for during this period under review.

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	
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	0	0	1
TOTAL PERMANENT	0	0	0	0	1	0	0	0	0	0	1
Temporary Employees	0	0	0	0	1	0	0	0	0	0	1
GRAND TOTAL	0	0	0	0	2	0	0	0	0	0	2

JPC has made a conscious decision to only appoint critical key positions that are motivated and appointments are effected.

Employee Wellness continued

Terminations: It is reported that for the period under June 2016, a total of seven (7) terminations were actioned.

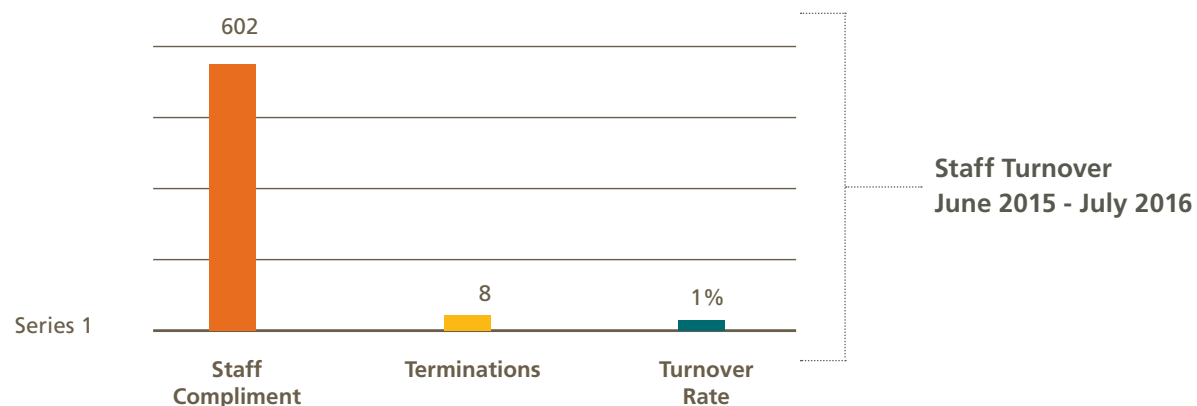
Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

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	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	1	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	0	0	1
Unskilled and defined decision making	2	0	0	0	1	0	0	0	0	0	3
TOTAL PERMANENT	5	0	0	0	1	0	0	1	0	0	7
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	5	0	0	0	1	0	0	1	0	0	7

The terminations as reported for the under review mainly consisted of four retirements, two resignations, and one deceased. Additional retirements are expected within the first quarter for year 2016/2017.

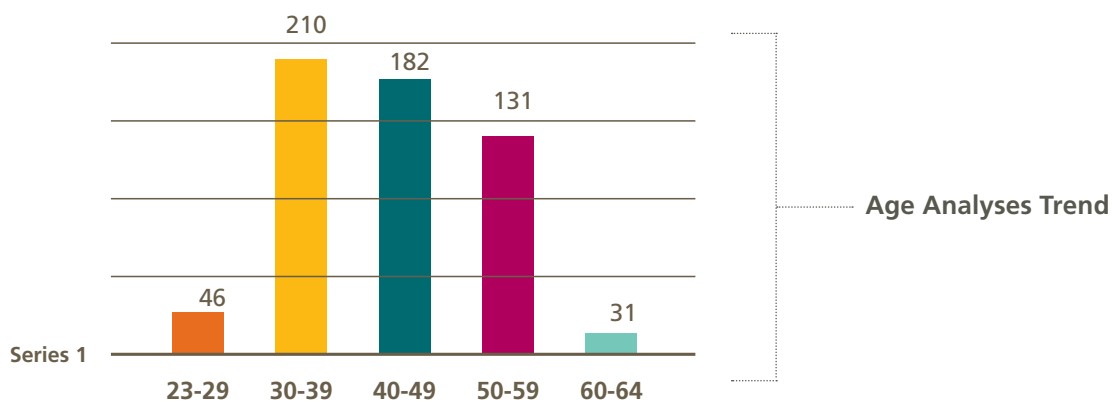
Staff Turnover

The provision for leave pay raises a concern as the liability poses a liquidity risk in the event that leave has to be paid out and the current leave liability is R22 442 553 in totality. As part of managing the leave liability, HCM in conjunction with line management, will ensure stringent adherence to leave management principles such as compulsory leave and forfeiture if not utilised.



The graph above indicates that the staff turn-over rate of 1% as of end June 2016, and this is at an acceptable level. The organisation will focus on programmes that will ensure retention of critical and scarce skills. The initiative of transfer of skills will be a focus area to ensure business continuity. Mentoring and coaching programmes will be introduced to skilled aged employees to mentor and coach the up-coming youth to acquire skills through on the job training interventions

Age Analyses Trend



The age analyses trend indicates that JPC has an ageing workforce with the majority of employees in the age group 50-59 and above. This analysis supports the need for interventions to concentrate on building capacity and assist with workforce planning.

Occupational Health & Safety Programmes

In partnership with the City’s Group Safety, Health and Environment (SHE) Department, JPC attends quarterly meetings to review and discuss current support systems that help to guide and promote good health for all council employees. The benefit to JPC is that a platform is created for all state owned companies (SOC’s). This allows representatives from each SOC to find solutions to common health and safety challenges; those as identified in their respective areas of control. The platform encourages the City to be aware of safety and health programmes that should take priority as and when necessary.

Equally important is getting the basics right and having the right supportive systems in place. This includes also having the right personnel on board; a dedicated team to promote good employee health and safety.

Challenge

Unlike the other SOC’s, including the City, JPC does not have an established OHASA unit to manage occupational health and safety matters and compliance, on a fulltime basis. It is issues like this, for example, where the basics need to be reviewed and properly aligned to promote safety and health fulltime.

Occupational Health & Safety Programmes continued

OHASA Progress

In the month of April, JPC submitted quarterly reports to the Group SHE department that would reflect the state of compliance at the offices; Forum 2 Braampark and, other buildings occupied by JPC employees. The compliance rating scoring has not been finalized as yet by the City for reporting purposes.

In the month of May, great emphasis was placed on the importance of:

- The turnaround to SOC's reporting fatality cases,
- The consequences of an SOC being penalised for reporting COIDA claim after the cut-off period of 7 working days and,
- The effectiveness of the existing quarterly SHE reporting.

The Shared Services Unit has also embarked on a journey to create staff awareness on JPC's First Aiders who have been certified to administer first aid treatments that are within their span of control.

In the current period April to June 2016, there have been no partnership programmes on health and safety matters. There is focus on promoting internal support measures to manage occupational health, safety and compliance at the SOC's.

The roadshow programme is meant for all MD's/ CEO and their respective appointees as the target audience. The roadshow will be conducted by the Group SHE Department. The roadshow programme theme will place focus on the role of accountability and highlight CIODA statistics and other critical health and safety areas.

In the previous three quarters, employees were exposed to educational programmes on an ongoing basis in partnership with the City and other SOC's. To date, employees have been provided with useful education on breast cancer, stress management and hypertension. The City also promotes World Health Themes such as Kidney Month to all council employees to promote wellness education. The Health Department plays a support role on health education promotion.

Internal Safety Support

JPC has a team of well-trained appointed representatives in Fire Fighting and First Aid to support cases of an emergency evacuation. All safety equipment and gear is regularly serviced as stipulated in the Occupational Health and Safety Act no. 85 of 1993.

Employees working with possible safety hazards are provided with protective clothing and gear. The use of machinery is managed with the aid of safety signage which supports the reporting on Occupational Injuries and Disease (COIDA); below find the status on reported cases of occupational injuries for the period under review.



Advertisement for a 'Steak Combo' meal, featuring a large burger image and the text 'Steak Combo' and 'R59'.

49630
457

FIRE BRAND

FIRE BRAND



5

Financial Performance



SAPOA building wrap

Financial Performance

JPC

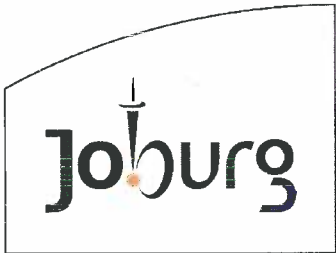
The following are key highlights to the annual financial statements of JPC for the 2015/16 financial year (refer to AFS):

- A positive cash reserve of R77.8 million
- A reduction in trade debtors by R173 033 060 resulting in a closing balance of R66 520 590
- A reduction in shareholders' loans by R148 190 902 resulting in a closing balance of R73 672 114
- A closing balance of R89 219 299 for payables from exchange transactions for year-end accruals
- A reduction in the net deferred tax asset by R2 895 588
- A profit before tax of R8 466 571

Portfolio

The financials of Portfolio are consolidated into the annual financial statements of the CoJ. The following are key highlights for Portfolio for the 2015/16 financial year:

- An increase in inter/intra-company debtors by R119 164 121 resulting in a closing balance of R182 514 738
- A positive cash reserve of R18 019 388
- A closing balance of R196 684 476 for year-end accruals relating to OSO
- A provision for bad debts of R26 304 228 for informal trading and taxi facilities
- A profit before tax of R15 781 244



a world class African city



City of Joburg Property Company (SOC) Limited
(Registration number 2000/017147/07)
Financial statements
for the year ended 30 June 2016

The Auditor-General:Gauteng
These annual financial statements have been audited in compliance with the applicable requirements of the
Companies Act 71 of 2008.

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)
 Financial Statements for the year ended 30 June 2016

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Property Management & facilities management functions and, where appropriate, to provide property services in respect of the City of Johannesburg Metropolitan Municipality and the Municipal Owned Entities
DIRECTORS	Ms HM Botes - Chief Executive Officer Mr IM Bhamjee - Financial Director Mr A Mabizela - Chairperson Mr MJ Rabodila Pastor C Kai Mr MJ Morojele Prof A Nevuthanda Mr FD Ntombela Adv M Mogale Ms M Mojapelo Mr L Mabuza
REGISTERED OFFICE	33 Hoofd Street Forum II Braampark Building Braamfontein 2000
BUSINESS ADDRESS	33 Hoofd Street Forum II Braampark Building Braamfontein 2000
POSTAL ADDRESS	P O Box 31565 Braamfontein 2017
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
BANKERS	Standard Bank
AUDITORS	The Auditor-General:Gauteng
SECRETARY	Mr T Mokataka (Acting)
CHIEF FINANCE OFFICER (CFO)	Imraan Bhamjee
COMPANY REGISTRATION NUMBER	2000/017147/07
TAX REFERENCE NUMBER	9292/129/14
PREPARER	The financial statements were internally compiled by: Imraan Bhamjee City of Joburg Property Company (SOC) Ltd

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the financial statements presented to the shareholder:

INDEX	PAGE
Board of Directors' Responsibilities and Approval	3
Audit and Risk Committee Report	4 - 5
Report of the Auditor General	6 - 8
Board of Directors' Report	10 - 13
Company Secretary's Certification	14
Statement of Financial Position	15
Statement of Financial Performance	16
Statement of Changes in Net Assets	17
Cash Flow Statement	18
Statement of Comparison of Budget and Actual Amounts	19
Accounting Policies	21 - 31
Notes to the Financial Statements	32 - 56
The following supplementary information does not form part of the financial statements and is unaudited:	
Detailed Income statement	57
Appendix:	
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	58

ABBREVIATIONS

GCSS	CoJ: Group Corporate Shared Services
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
JPC	City of Joburg Property Company (SOC) Ltd
ME's	Municipal Entities
MFMA	Municipal Finance Management Act No 56 of 2003
PANEL OF ATTORNEYS	A.F van Wyk Attorneys, Bibi Rikhotso Attorneys, Bowman Gilfillian, Brink Cohen Le Roux, Collin Nciki Inc, Edward Nathan Sonnenberg Inc, Koikanyang Inc, Kunene Ramaphala Botha, Lennon Moleele & Partners Inc, Madlanga and Partners Inc, Malebye Motaung Mtembu, Mchunu Attorneys, Mdlulwa Nkhuhlu, Mkhabela Huntley Adekeye Inc, Mncedisi Ndlovu and Sedumedi Attorneys, Mogaswa Attorneys, Mojela Hlazo, Moodie and Robertson, Norton Rose Fulbright, Nozuko Nxusani, Padi Inc, Poswa Inc, Prince Madau and Associates, Ramushu Mashile Twala Inc, Ranamane Mokalanane Inc, Saljee Du Plessis Van der Merwe, SM Nkadameng, Webber Wentzel and Werkmans

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Board of Directors' Responsibilities and Approval

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

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

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

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

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

The Directors have reviewed the company's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or will have access to adequate resources to continue in operational existence for the foreseeable future.

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

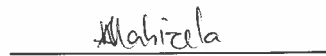
Although the Board of Directors are primarily responsible for the financial affairs of the company, they are supported by the company's external auditors.

The External Auditors are responsible for independently reviewing and reporting on the company's financial statements.

The financial statements set out on pages 10 to 57, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 November 2016 and were signed on its behalf by:



Ms H M Botes - Chief Executive Officer



Mr A Mabizela - Chairperson

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)
Financial Statements for the year ended 30 June 2016

Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 30 June 2016.

Audit and Risk Committee members and attendance

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

Name of member	Number of meetings attended
Adv M Mogale (Chairperson) - 15/03/2016	2
Mr T Hickman (Non executive director) - retired - 15/03/2016	5
Dr N Mabuya (Non executive director) - resigned - 05/01/2016	3
Mr L Mabuza (Non executive director) - 15/03/2016	2
Mr M Rabodila (Non-executive director) - 15/03/2016	2
Mr G Mufana (Independent Member)	7
Mr Y Gordhan (Independent Member)	7
Mr V Mokwena (Independent Member)	7

Audit and Risk Committee responsibility

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

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

The effectiveness of internal control

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

Quarterly Reporting

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

Evaluation of financial statements

The Audit and Risk Committee has:

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

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Audit and Risk Committee Report

Risk Management

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

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

Finance Function

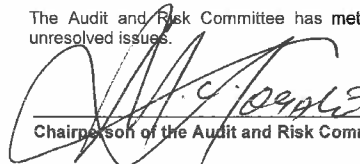
The Audit and Risk Committee has considered the expertise and experience of the Chief Financial Officer and is satisfied with the appointment of the Chief Financial Officer. The committee has reviewed and considered the experience and resources available to the company's finance function and is satisfied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

Internal Audit

The Audit and Risk Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the company and its audits.

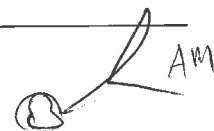
Auditor-General of South Africa

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



 Chairperson of the Audit and Risk Committee

Date: 28/11/2016



Report of the auditor-general to the Gauteng Provincial Legislature and council of the City of Johannesburg Metropolitan Municipality on Johannesburg Property Company (SOC) Limited

Report on the financial statements

Introduction

1. I have audited the financial statements of the Johannesburg Property Company (SOC) Ltd set out on pages 15 to 58, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, reconciliation of the statement of comparison of budget information with actual information and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipal entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis

for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Property Company (SOC) Limited as at 30 June 2016 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2015 were restated as a result of an error discovered by management during year ended 30 June 2016 in the financial statements of the Johannesburg Property Company SOC Limited at, and for the year ended, 30 June 2015.

Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2016, I have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2016;

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- Objective 1: Sustainable Human Settlements
 - Objective 2: SMME and entrepreneurial support
 - Objective 3: Financially and administratively sustainable and resilient city
 - Objective 4: Transit Oriented Development - Priority areas (corridors/nodes)
12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPP)*.
14. I did not identify material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Objective 1: Sustainable Human Settlements
 - Objective 2: SMME and entrepreneurial support
 - Objective 3: Financially and administratively sustainable and resilient city
 - Objective 4: Transit Oriented Development - Priority areas (corridors/nodes)

Additional matters

15. I draw attention to the following matter. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Adjustment of material misstatements

16. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of objective 4: Transit Oriented Development – Priority areas (corridors/nodes). As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Achievement of planned targets

17. Refer to the annual performance report on pages x to for information on the achievement of the planned targets for the year.

Unaudited supplementary schedules

18. The supplementary information set out on pages xx to xx does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

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Compliance with legislation

19. I performed procedures to obtain evidence that the municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters.
20. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Johannesburg

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Ⓡ R AM

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Board of Directors' Report

The Directors have pleasure in submitting to the Shareholders their report together with the annual financial statements for the year ended 30 June 2016.

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

Main business and operations

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

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

Net surplus of the company before taxation was R 8 466 571 (2015: deficit (R 84 051 738)), after taxation it was a surplus of R 5 570 983 (2015: deficit R (56 360 346)).

3. GOING CONCERN

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

4. SUBSEQUENT EVENTS

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

5. DIRECTORS' PERSONAL FINANCIAL INTEREST

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

6. SHARE CAPITAL

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

7. BORROWING LIMITATIONS

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

8. NON-CURRENT ASSETS

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

9. DIVIDENDS

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

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Board of Directors' Report

10. DIRECTORS

The directors of the company during the year ended to 30 June 2016 were as follows:

Name	Nationality	Changes in appointment
Ms HM Botes - Managing Director	South African	
Mr A Mabizela - Chairperson	South African	
Mr IM Bhamjee - Financial Director	South African	
Prof AN Nevhutanda	South African	
Mr FD Ntombela	South African	
Mr T Hickman	South African	Retired - 15/03/2016
Ms PP Msweli	South African	Retired - 15/03/2016
Mr C Kai	South African	
Mr MJ Rabodila	South African	
Dr N Mabuya	South African	Resigned - 05/01/2016
Mr MM Morojele	South African	
Adv M Mogale	South African	Appointed - 15/03/2016
Ms M Mojapelo	South African	Appointed - 15/03/2016
Mr L Mabuza	South African	Appointed - 15/03/2016

11. SECRETARY

Mr. Tshepo Mokataka is the acting company secretary.

Business address

33 Hoofd Street
Forum II
Braampark Building
Braamfontein
2000

Postal address

P O Box 31565
Braamfontein
2017

12. CORPORATE GOVERNANCE

12.1 General

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

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

12.2 Board of Directors

The Board:

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Board of Directors' Report

Chairperson and chief executive

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

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

12.4 Remuneration

The Remunerations and Human Resources Committee comprises four (4) members, namely: Ms M Mojapelo (Chairperson), Prof A Nevhutanda, Mr F Ntombela and Pastor G Kai. The Remuneration and Human Resources Committee advises the Board on the remuneration policies, remuneration packages and other terms of employment for senior managers. Its specific terms of reference also include recommendations to the Board on matters relating inter alia, human resources policies, executive remuneration and other human resource affairs of the company.

12.5 Board of Directors' meetings

The Board of Directors is required to meet a minimum of 4 times per annum. During the current financial year the Board of Directors of JPC met on 11 separate occasions. Additional meetings were required to address operational challenges with the company secretary, review the corporate strategy with management and for attendance at the entity's risk workshop.

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

Name	Board Meeting	Audit and Risk committee	Transformation committee	Transaction Committee	Remuneration and HR Committee	Social and Ethics Committee
Mr A Mabizela (Chairperson)	10	1				
Prof AN Nevhutanda	8	2	1	4	2	1
Mr FD Ntombela	11	1	4	3	5	1
Mr MJ Rabodila	8	2	4	2	3	
Ms M Mojapelo	1				2	
Mr T Hickman (retired 15 March 2016)	7	5	2			2
Adv M Mogale	3	2	1	1		
Ms PP Msweli (retired 15 March 2016)	7	1	3	2		
Mr MM Morojele	7			3		2
Mr C Kai	11	1	4	4	4	3
Dr N Mabuya (resigned 05 January 2016)	5	3			2	1
Mr L Mabuza	3	2		1		
Total number of meetings held	11	7	5	6	5	4

12.6 Audit and Risk Committee

Currently, the Audit and Risk Committee comprises of three (3) non-executive directors, namely: Adv M Mogale (Chairperson), Mr M Rabodila and Mr L Mabuza.

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Board of Directors' Report

12.7 Social and Ethics committee

The Social and Ethics Committee comprises three (3) members, namely: Pastor C Kai (Chairperson), Prof A Nevhutanda and Mr F Ntombela. The function of the Committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. It looks into the Company's social and economic development, including the organisation's standing in terms of the goals and purposes; good corporate citizenship; the environment; health and public safety; consumer relationships including the Company's advertising, public relations and compliance with consumer protection laws; and labour and employment.

12.8 Transformation Committee

The Transformation Committee comprises four (4) members, namely: Mr F Ntombela (Chairperson), Mr M Rabodila, Pastor C Kai, and Mr L Mabuza. The committee is mandated to develop the Transformation Policy, oversee and ensure the alignment of Transformation strategy and plans proposed by the JPC corporate strategy, monitor the development and implementation of transformation strategies and define how JPC will transform the property industry.

12.9 Transactions Committee

The Transaction Committee comprises (5) members, namely: Professor A Nevhutanda (Chairperson), Mr M Rabodila, Mr M Morojele, Mr L Mabuza and Adv M Mogale. The primary objective of the committee is to assist the Board in discharging its responsibility by considering all reports relating to property transactions. The committee also ensures that revenue generation targets are achieved in relation to the property portfolio and to make the necessary recommendations to the Board or COJ to ensure that service delivery is enhanced and property related transactions are concluded efficiently within the legal framework that JPC and the COJ operates in.

12.10 Internal Audit

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

13. CONTROLLING ENTITY

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

14. AUDITORS

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

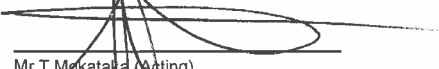
City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)
Financial Statements for the year ended 30 June 2016

Company Secretary's Certification

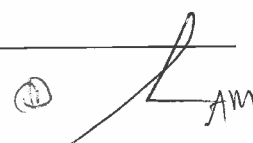
Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

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



Mr T Mokataka (Acting)
Company Secretary

City of Joburg Property Company (SOC) Ltd



City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)
Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Loans to shareholders	3	77 880 864	-
Current tax receivable	5	11 177 915	10 728 931
Receivables from exchange transactions	6	66 520 590	239 553 650
Receivables from non-exchange transactions	7	53 752	2 600 636
Prepayments	8	374 399	314 598
Cash and cash equivalents	9	2 000	2 000
		156 009 520	253 199 815
Non-Current Assets			
Property, plant and equipment	12	22 058 156	18 186 742
Intangible assets	13	12 969 804	12 988 156
Deferred tax	15	36 018 831	37 144 481
Prepayments	8	779 729	809 582
Deposits	10	148 637	121 986
		71 975 157	69 250 947
Total Assets		227 984 677	322 450 762
Liabilities			
Current Liabilities			
Loans from shareholders	3	73 672 114	221 863 016
Finance lease obligation	16	3 036 553	3 280 586
Operating lease liability	4	3 750 483	1 040 749
Payables from exchange transactions	17	89 219 299	41 198 714
Deferred income	18	-	4 701 750
Provisions	19	2 248 008	745 928
		171 926 457	272 830 743
Non-Current Liabilities			
Finance lease obligation	16	1 407 334	1 756 283
Employee benefit obligation	11	669 775	1 223 546
Deferred tax	15	2 819 615	1 049 677
		4 896 724	4 029 506
Total Liabilities		176 823 181	276 860 249
Net Assets		51 161 496	45 590 513
Net Assets			
Share Capital	20	5 142 721	5 142 721
Accumulated Surplus		46 018 775	40 447 792
Total Net Assets		51 161 496	45 590 513

* See Note 39

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue	21	443 410 868	305 951 010
Other income	22	900 600	1 183 588
Operating expenses		(436 446 210)	(383 493 534)
Operating surplus (deficit)		7 865 258	(76 358 936)
Investment revenue	23	3 460 166	24 403
Finance costs	24	(2 858 853)	(7 717 204)
Surplus (deficit) before taxation		8 466 571	(84 051 737)
Taxation	28	(2 895 588)	27 691 391
Surplus (deficit) for the year		5 570 983	(56 360 346)

* See Note 39

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Share capital	Share premium	Total share capital	Accumulated Surplus	Total equity
Opening balance as previously reported		1 000	5 141 721	5 142 721	94 660 610	99 803 331
Adjustments						
Prior year adjustments	39	-	-	-	2 147 528	2 147 528
Balance at 01 July 2014 as restated		1 000	5 141 721	5 142 721	96 808 138	101 950 859
Changes in net assets						
Deficit for the year		-	-	-	(56 360 346)	(56 360 346)
Total changes		-	-	-	(56 360 346)	(56 360 346)
Opening balance as previously reported		1 000	5 141 721	5 142 721	43 677 384	48 820 105
Adjustments						
Prior year adjustments	39	-	-	-	(3 229 592)	(3 229 592)
Balance at 01 July 2015 as restated		1 000	5 141 721	5 142 721	40 447 792	45 590 513
Changes in net assets						
Surplus for the year		-	-	-	5 570 983	5 570 983
Total changes		-	-	-	5 570 983	5 570 983
Balance at 30 June 2016		1 000	5 141 721	5 142 721	46 018 775	51 161 496
Note(s)		20	20	20		

* See Note 39

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Rendering of services		273 457 295	454 867 329
Subsidies		340 630 000	-
Interest income		3 460 166	24 403
		<u>617 547 461</u>	<u>454 891 732</u>
Payments			
Employee costs		(219 895 214)	(190 697 184)
Suppliers		(159 058 680)	(192 378 712)
Finance costs		(2 216 109)	(7 161 959)
		<u>(381 170 003)</u>	<u>(390 237 855)</u>
Net cash flows from operating activities	30	236 377 458	64 653 877
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(3 971 336)	(140 000)
Proceeds/(Loss) from sale of property, plant and equipment	12	-	47 345
Purchase of other intangible assets	13	(22 755)	-
Payment for deposits		(19 189)	-
Receipts from deposits		-	204 216
		<u>(4 013 280)</u>	<u>111 561</u>
Cash flows from financing activities			
Net movement of shareholders loan		(227 276 169)	(60 062 598)
Finance lease payments		(5 088 009)	(4 702 840)
		<u>(232 364 178)</u>	<u>(64 765 438)</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		2 000	2 000
Cash and cash equivalents at the end of the year	9	2 000	2 000

* See Note 39

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Cellmast services	7 730 963	-	7 730 963	7 317 470	(413 493)	Appendix E (1)
Commissions received	96 910 606	(5 042 000)	91 868 606	72 434 721	(19 433 885)	Appendix E (1)
Management fees	3 707 622	-	3 707 622	3 721 616	13 994	Appendix E (1)
Internal recoveries	2 500 000	-	2 500 000	6 091 751	3 591 751	Appendix E (1)
Third party development fees	12 346 809	-	12 346 809	12 141 449	(205 360)	Appendix E (1)
Donations received	-	-	-	900 600	900 600	Appendix E (1)
Interest received	2 687 000	-	2 687 000	3 460 166	773 166	Appendix E (1)
Total revenue from exchange transactions	125 883 000	(5 042 000)	120 841 000	106 067 773	(14 773 227)	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	329 345 000	11 285 000	340 630 000	340 630 000	-	Appendix E (1)
EPWP grant	1 106 000	-	1 106 000	1 073 861	(32 139)	Appendix E (1)
Total revenue from non-exchange transactions	330 451 000	11 285 000	341 736 000	341 703 861	(32 139)	
Total revenue	456 334 000	6 243 000	462 577 000	447 771 634	(14 805 366)	
EXPENDITURE						
Personnel	(213 640 955)	(11 285 000)	(224 925 955)	(219 341 443)	5 584 512	Appendix E (1)
Depreciation and amortisation	(5 331 800)	-	(5 331 800)	(4 674 292)	657 508	Appendix E (1)
Finance costs	(2 938 859)	-	(2 938 859)	(2 858 853)	80 006	Appendix E (1)
Repairs and maintenance	(35 016 000)	-	(35 016 000)	(34 959 074)	56 926	Appendix E (1)
General Expenses	(199 406 386)	5 042 000	(194 364 386)	(177 251 784)	17 112 602	Appendix E (1)
Total expenditure	(456 334 000)	(6 243 000)	(462 577 000)	(439 085 446)	23 491 554	
Operating surplus	-	-	-	8 686 188	8 686 188	
Loss on disposal of assets and liabilities	-	-	-	(219 617)	(219 617)	Appendix E (1)
Surplus before taxation	-	-	-	8 466 571	8 466 571	
Taxation	-	-	-	2 895 588	2 895 588	Appendix E (1)
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	5 570 983	5 570 983	

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)
Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2016										
Financial Performance										
Investment revenue	2 687 000	-	2 687 000	-	-	2 687 000	3 460 166	773 166	129 %	129 %
Transfers recognised	329 345 000	11 285 000	340 630 000	-	-	340 630 000	-	-	100 %	103 %
- operational										
Other own revenue	124 302 000	(5 042 000)	119 260 000	-	-	119 260 000	103 681 468	(15 578 532)	87 %	83 %
Total revenue (excluding capital transfers and contributions)	456 334 000	6 243 000	462 577 000	-	-	462 577 000	447 771 634	(14 805 366)	97 %	98 %
Employee costs	(213 640 955)	(11 285 000)	(224 925 955)	-	-	(224 925 955)	(219 341 443)	5 584 512	98 %	103 %
Debt impairment	-	-	-	-	-	-	(2 423 893)	(2 423 893)	DIV/0 %	DIV/0 %
Depreciation and asset impairment	(5 331 800)	-	(5 331 800)	-	-	(5 331 800)	(4 674 292)	657 508	88 %	88 %
Finance charges	(2 938 859)	-	(2 938 859)	-	-	(2 938 859)	(2 858 853)	80 006	97 %	97 %
Other expenditure	(234 422 386)	5 042 000	(229 380 386)	-	-	(229 380 386)	(210 006 582)	19 373 804	92 %	90 %
Total expenditure	(456 334 000)	(6 243 000)	(462 577 000)	-	-	(462 577 000)	(439 305 063)	23 271 937	95 %	96 %
Surplus	-	-	-	-	-	-	8 466 571	8 466 571	DIV/0 %	DIV/0 %
Taxation	-	-	-	-	-	-	2 895 588	2 895 588	DIV/0 %	DIV/0 %
Surplus for the year	-	-	-	-	-	-	5 570 983	5 570 983	DIV/0 %	DIV/0 %

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Financial Statements

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

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

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

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

The accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

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

Provisions

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

Expected manner of realisation for deferred tax

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

Taxation

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

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

Effective interest rate

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

1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

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

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

1.4 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 Intangible assets (continued)

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

Intangible assets are derecognised:

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

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

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

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

1.5 Financial instruments

Initial recognition and measurement

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

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

Loans to (from) Group Companies

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

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

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

Loans to shareholders

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

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Financial instruments (continued)

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

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

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

Receivables from exchange transactions

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

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

Trade and other receivables are classified as loans and receivables.

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

Payables from exchange transactions

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

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

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)
Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

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

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

Financial liabilities

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

1.6 Current and Deferred Tax

Current tax assets and liabilities

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

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

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

Deferred tax assets and liabilities

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position method.

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit (tax loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Current and Deferred Tax (continued)

Tax expenses

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

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

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

1.7 Leases

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

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

1.8 Impairment of assets

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

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

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

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

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

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Impairment of assets (continued)

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

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

Useful life is either:

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

Reversal of impairment loss

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

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

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

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

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

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

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

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

1.9 Share Capital

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

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

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

1.10 Employee benefits

Short-term employee benefits

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Employee benefits (continued)

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

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

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

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

Other post retirement obligations

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

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

1.12 Commitments

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Commitments (continued)

Disclosures are required in respect of unrecognised contractual commitments.

1.13 Revenue from exchange transactions

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

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

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

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

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

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

1.14 Revenue from non-exchange transactions

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

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

1.15 Borrowing costs

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

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

1.16 Comparative figures

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

1.17 Fruitless and wasteful expenditure

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.18 Irregular expenditure

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

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

1.19 Deferred Income

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

1.20 Budget information

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

1.21 Related parties

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

1.22 Segment reporting

The entity does not envisage the adoption of GRAP 18 until such time as it becomes applicable to the entity's operations.

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
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2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

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

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

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

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

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

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

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

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2016 or later periods:

GRAP 20: Related parties

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

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

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

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

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

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS (continued)

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

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

The standard elaborates on the definitions and identification of:

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

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

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

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

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

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

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
3. LOANS TO/(FROM) SHAREHOLDERS		
City of Johannesburg Metropolitan Municipality - Group Finance Loan payable to Group Corporate Shared Services for administration of the Facilities Management payroll from March 2016. The loan bears no interest.	(19 035 735)	-
City of Johannesburg Metropolitan Municipality - Treasury The Sweeping Account bears interest at an average call rate of 6.01% p.a irrespective of the balance being favourable or not.	77 880 864	(114 641 440)
City of Johannesburg - Group Corporate Shared Services Loan payable to Group Corporate Shared Services for administration of the Facilities Management payroll from March 2013 to February 2016. The loan bears no interest.	(54 636 379)	(107 221 576)
	4 208 750	(221 863 016)
Current assets	77 880 864	-
Current liabilities	(73 672 114)	(221 863 016)
	4 208 750	(221 863 016)
4. OPERATING LEASE LIABILITY		
Current liabilities	(3 750 483)	(1 040 749)
The operating lease liability was as a result of an office rental agreement for head office and corporate building accommodation. (Refer to note 32)		
5. TAX REFUNDED		
Balance at beginning of the year	10 728 931	10 728 931
Interest received	448 984	-
	11 177 915	10 728 931
6. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
External trade debtors	4 367 254	2 781 674
Related party debtors	62 153 336	236 771 976
	66 520 590	239 553 650
7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Staff Debtors	53 752	178 778
SARS VAT Debtor	2 421 858	2 421 858
Provision for bad debt	(2 421 858)	-
	53 752	2 600 636

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

	2016	2015
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8. PREPAYMENTS

Current	374 399	314 598
Non-Current	779 729	809 582
	1 154 128	1 124 180

Current Assets

Prepayments of software licenses to be amortised over the 2016/17 financial year.

Non-current Assets

The long term portion of the prepayment received from Bayete Consulting for professional services. The expense is to be amortised over the course of the lease agreement signed by JPC for the Hoofd Street head office.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	2 000	2 000
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The company's cheque account is swept on a daily basis in terms of an agreement with The City of Johannesburg Metropolitan Municipality (COJ) in order to facilitate better cashflow management on an entity wide basis. Cash is readily available at all times and the sweeping has no effect on its availability.

10. DEPOSITS

Deposits held by municipal debtors for informal trading facilities.

Eskom - Baragwanath	129 448	121 986
Eskom - Lenasia	19 189	-
	148 637	121 986

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
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11. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plan

Post retirement medical aid plan

Actuarial valuations are done at an interval of not more than three years using the projected unit credit method.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(1 223 546)	(996 000)
Net expense recognised in the statement of financial performance	553 771	(227 546)
	<u>(669 775)</u>	<u>(1 223 546)</u>

The comparative of the net present value of the defined benefit obligation is as follows:

2015/16: (R669 755)
 2014/15: (R1 223 546)
 2013/14: (R996 000)
 2012/13: (R879 000)

Net expense recognised in the statement of financial performance

Current service cost	(11 508)	(85 000)
Interest cost	(103 904)	(92 000)
Actuarial (gains)/losses	669 183	(50 546)
	<u>553 771</u>	<u>(227 546)</u>

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)
 Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
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11. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.00 %	8.49 %
Medical cost trend rates	8.15 %	7.67 %
Maximum subsidy inflation rate	5.74 %	7.17 %
Net discount rate - Health care cost inflation	0.78 %	0.77 %
Net discount rate - Maximum subsidy inflation	1.24 %	3.08 %
Expected increase in salary costs	6.70 %	7.00 %

The calculations for post-retirement medical aid were based on the policy adopted by the City of Johannesburg Metropolitan Municipality with regard to post-retirement medical aid subsidies.

Employees over the age of 55 on 1 July 2003 will get a 60% subsidy on retirement. Employees over the age of 50 but under age of 55 will get a 50% subsidy on retirement. Employees under the age of 50 on 1 July 2003 will not receive any post-retirement medical aid subsidy.

The valuation method and assumptions do not affect the ultimate cost of the long-term benefits – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

The projections assume that the entity's benefit and subsidy policies will remain consistent, and that all the actuarial assumptions made are borne out in practice.

In addition, it is assumed that no contributions are made by the entity towards prefunding its liability via an off-balance sheet vehicle.

Benefits paid refer to the Municipality's subsidy of current continuation members or beneficiaries.

There are no past service costs, curtailments or settlements to reflect.

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand 2016 2015

12. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	487 200	-	487 200	487 200	-	487 200
Buildings	6 350 957	(4 776 415)	1 574 542	6 350 957	(4 521 681)	1 829 276
Plant and machinery	1 680 374	(545 940)	1 134 434	1 714 279	(389 135)	1 325 144
Furniture and fixtures	4 965 414	(1 312 442)	3 652 972	4 989 168	(1 006 393)	3 982 775
Office equipment	2 004 754	(450 937)	1 553 817	999 891	(309 196)	690 695
IT equipment	7 122 099	(1 838 976)	5 283 121	3 593 229	(1 432 926)	2 160 303
Leasehold improvements	965 290	(409 444)	555 846	965 290	(312 652)	652 638
Capitalised leased office equipment	15 066 723	(7 250 499)	7 816 224	12 693 794	(5 635 083)	7 058 711
Total	38 642 811	(16 584 655)	22 058 156	31 793 808	(13 607 066)	18 186 742

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	487 200	-	-	-	487 200
Buildings	1 829 276	-	-	(254 734)	1 574 542
Plant and machinery	1 325 144	16 690	(36 395)	(171 005)	1 134 434
Furniture and fixtures	3 982 775	600	(18 258)	(312 145)	3 652 972
Office equipment	690 695	1 040 336	(19 798)	(157 416)	1 553 817
IT equipment	2 160 303	3 814 310	(91 547)	(599 945)	5 283 121
Leasehold improvements	652 638	-	-	(96 792)	555 846
Capitalised leased office equipment	7 058 711	3 852 283	(53 621)	(3 041 149)	7 816 224
	18 186 742	8 724 219	(219 619)	(4 633 186)	22 058 156

2015/16: Office equipment with a fair value of R900 000 was donated to the entity as part of the City-wide asset verification project that was undertaken by the entity. No impairment is required for any property, plant and equipment

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	487 200	-	-	-	487 200
Buildings	2 083 315	-	-	(254 039)	1 829 276
Plant and machinery	2 404 406	-	(903 309)	(175 953)	1 325 144
Furniture and fixtures	5 245 115	-	(946 477)	(315 863)	3 982 775
Office equipment	1 364 771	-	(546 639)	(127 437)	690 695
IT equipment	1 666 393	1 183 588	(177 504)	(512 174)	2 160 303
Leasehold improvements	749 166	-	-	(96 528)	652 638
Capitalised leased office equipment	3 014 091	6 319 149	(84 032)	(2 190 497)	7 058 711
	17 014 457	7 502 737	(2 657 961)	(3 672 491)	18 186 742

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand 2016 2015

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The following leased assets are included in Property, Plant and Equipment listed above

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	965 290	(409 444)	555 846	965 290	(312 652)	652 638
Leased office equipment	15 066 723	(7 250 499)	7 816 224	12 693 794	(5 635 083)	7 058 711
Total	16 032 013	(7 659 943)	8 372 070	13 659 084	(5 947 735)	7 711 349

Details of properties

Erf 737 and Erf 1304, 18 Bedford Road, Yeoville

Land		
- Cost	487 200	487 200

Erf 737 and Erf 1304, 18 Bedford Road, Yeoville

Buildings		
- Cost	6 350 957	6 350 957
- Accumulated depreciation	(4 776 415)	(4 521 681)
	1 574 542	1 829 276

13. INTANGIBLE ASSETS

	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	12 761 889	-	12 761 889	12 761 889	-	12 761 889
Computer software	318 841	(110 926)	207 915	296 086	(69 819)	226 267
Total	13 080 730	(110 926)	12 969 804	13 057 975	(69 819)	12 988 156

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	12 761 889	-	-	12 761 889
Computer software	226 267	22 755	(41 107)	207 915
	12 988 156	22 755	(41 107)	12 969 804

Reconciliation of intangible assets - 2015

	Opening balance	Disposals	Amortisation	Impairment reversal	Total
Computer software, internally generated	8 689 570	-	-	4 072 319	12 761 889
Computer software	475 584	(156 721)	(92 596)	-	226 267
	9 165 154	(156 721)	(92 596)	4 072 319	12 988 156

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
13. INTANGIBLE ASSETS (continued)		
2015/16: No impairment is required for intangible assets.		
14. REPAIRS & MAINTENANCE		
Repairs & Maintenance	32 783 860	26 963 026
Consumables	2 175 214	-
	34 959 074	26 963 026
15. DEFERRED TAX		
Deferred tax liability		
Prepaid Expenses	(18 901)	(26 110)
Property, Plant, Equipment and Intangibles	(619 131)	(457 451)
Finance Lease Fixed Assets	(2 181 583)	(566 116)
Total deferred tax liability	(2 819 615)	(1 049 677)
Deferred tax asset		
Provision for Post Retirement Medical Aid	187 537	342 593
Provision for Leave Pay	4 264 790	2 758 933
Provision for Bonuses	3 093 504	2 384 061
Income Received in Advance	-	1 316 490
Straightlining of Operating Leases	1 050 135	291 410
Finance Lease Liability	1 237 329	-
Losses	26 185 536	30 050 994
Total deferred tax asset	36 018 831	37 144 481
Deferred tax liability	(2 819 615)	(1 049 677)
Deferred tax asset	36 018 831	37 144 481
Total net deferred tax asset	33 199 216	36 094 804
Reconciliation of deferred tax asset		
At beginning of year	36 094 804	8 403 414
Increases (decrease) in tax loss available for set off against future taxable income	(2 895 588)	27 691 390
	33 199 216	36 094 804

It is anticipated that there will be profits in the foreseeable future, against which losses incurred in the previous financial years can be offset.

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
16. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- Not later than one year	3 284 404	3 607 209
- Later than one year and not later than 5 years	1 480 800	1 803 605
	<u>4 765 204</u>	<u>5 410 814</u>
Less: Future finance charges	(321 317)	(373 945)
Present value of minimum lease payments	<u>4 443 887</u>	<u>5 036 869</u>
Present value of minimum lease payments due		
- Not later than one year	3 036 553	3 280 586
- Later than one year and not later than 5 years	1 407 334	1 756 283
	<u>4 443 887</u>	<u>5 036 869</u>
Non-current liabilities	1 407 334	1 756 283
Current liabilities	3 036 553	3 280 586
	<u>4 443 887</u>	<u>5 036 869</u>

It is company policy to lease certain equipment under finance leases; These assets are leased over a period of 2 to 5 years at a fixed negotiated rate, and are secured by the assets financed (refer to Note 12).

17. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other payables	2 962 871	15 596 753
Accrued leave pay	15 231 390	9 853 328
Accrued 13th Cheques	8 800 220	7 768 575
Accruals	62 224 818	7 980 058
	<u>89 219 299</u>	<u>41 198 714</u>

18. DEFERRED INCOME

Movement during the year

Balance at the beginning of the year	4 701 750	11 065 750
Income recognition during the year	(4 701 750)	(6 364 000)
	<u>-</u>	<u>4 701 750</u>

The above deferred income relate to commission received on the conclusion of the 5 year lease agreement relating to outdoor advertising. The final amortisation occurred in March 2016.

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand 2016 2015

19. PROVISIONS

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for bonuses	745 928	2 597 553	(1 095 473)	2 248 008

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Provision for Pension Fund Contributions	2 156 467	-	(2 156 467)	-
Provision for bonuses	792 925	745 928	(792 925)	745 928
	2 949 392	745 928	(2 949 392)	745 928

2014/15: The provision related to pension fund contributions is for an additional 3% backpay that requires final approval from the City Manager's office. The full provision for pension funds were utilised in December 2014.

2015/16: The provision relates to bonuses due to EXCO members for the 2014/15 and 2015/16 financial year.

20. SHARE CAPITAL

Authorised

1,000 Ordinary shares of R1 each 1 000 1 000

Reconciliation of number of shares issued:

Reported as at 01 July 2015 1 000 1 000

Issued

1,000 Ordinary shares of R1 each 1 000 1 000
Share premium 5 141 721 5 141 721

5 142 721 5 142 721

21. REVENUE

Cellmast services	7 317 470	4 842 100
Commission received	72 434 721	49 129 128
Management fees	3 721 616	908 909
Internal recoveries	6 091 751	249 393 738
Third party development fees	12 141 449	1 677 135
City of Johannesburg Metropolitan Municipality - Subsidy	340 630 000	-
EPWP Grant	1 073 861	-
	443 410 868	305 951 010

The amount included in revenue arising from exchanges of goods or services are as follows:

Cellmast services	7 317 470	4 842 100
Rendering of services	72 434 721	49 129 128
Management fees	3 721 616	908 909
Internal recoveries	6 091 751	249 393 738
Third party development fees	12 141 449	1 677 135
	101 707 007	305 951 010

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
21. REVENUE (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
City of Johannesburg Metropolitan Municipality – Subsidy	340 630 000	-
EPWP Grant	1 073 861	-
	341 703 861	-
22. OTHER INCOME		
Donations received	900 600	1 183 588
23. INVESTMENT REVENUE		
Interest revenue		
Sweeping Account	3 011 182	-
Interest received on deposit	-	24 403
South African Revenue Services	448 984	-
	3 460 166	24 403
24. FINANCE COSTS		
Finance leases	642 744	555 245
Sweeping account	2 166 480	7 005 146
Disputed supplier accounts	49 629	156 813
	2 858 853	7 717 204

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
25. GENERAL EXPENSES		
Advertising	307 802	406 371
Assets expensed	22 000	59 679
Auditors remuneration	2 491 903	2 194 622
Bank charges	49 133	57 832
Board expenses	827 476	454 238
Cleaning	11 454 351	10 858 465
Computer expenses	893 362	1 464 002
Consulting and professional fees	6 815 949	7 847 380
Conferences and seminars	71 060	261 259
Computer consumables	218 464	2 681
Electricity and water	18 867 100	17 590 842
Fleet	7 581 425	7 523 072
Fuel and oil	-	57
Gas	37 818	42 524
Insurance	3 340 439	3 566 520
Launches and communications	2 427 537	220 436
Lease rentals - GRAP 13 straightlining adjustment	2 709 734	204 293
Office rentals	88 283 662	78 402 812
Other expenses	200	2 360
Pest control	254 941	-
Placement fees	383 214	1 520 981
Postage and courier	1 296	17 728
Printing and stationery	1 823 193	1 673 316
Protective clothing	49 788	437 368
Rates and taxes	3 859 498	4 564 668
Refuse	406 512	512 035
Sanitation and sewerage	629 820	1 975 014
Security	11 288 272	12 174 079
Software expenses	355 625	259 804
Staff welfare	1 159 265	1 301 941
Storage	197 707	139 211
Subscriptions and membership fees	2 731 345	1 692 392
Telephone and fax	2 215 709	2 199 430
Training	1 465 114	678 584
Travel - local	623 479	123 576
Travel - overseas	983 698	2 339 040
	174 827 891	162 768 612

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
26. EMPLOYEE RELATED COSTS		
Employee related costs : Salaries and wages	141 911 160	116 914 286
Post-retirement medical aid benefits-Defined benefit plan	11 (553 771)	227 546
SARS, SITE and PAYE	15 276 061	19 002 899
Allowances	901 439	2 069 928
Overtime payments	2 136 292	5 004 868
Bonus	2 663 693	1 183 049
UIF	1 270 016	895 161
SDL	1 868 507	1 651 709
Payroll levies	122 443	280 735
Leave pay accrual charge	7 359 212	1 385 016
Pension costs	32 860 406	30 910 109
13th Cheque	13 525 985	11 171 878
	219 341 443	190 697 184
Key Personnel		
Remuneration of Executive Manager : Client Business Operations		
Annual Remuneration	1 499 571	1 057 779
Performance Bonuses	183 299	138 673
Contributions to UIF, Medical and Pension Funds	318 652	251 502
Subsistence Allowance	1 059	-
Leave Pay	36 610	-
	2 039 191	1 447 954
Remuneration of Executive Manager : Property Portfolio		
Annual Remuneration	1 499 570	1 107 646
Performance Bonuses	191 678	110 982
Contributions to Pension Funds	318 753	261 480
Leave Pay	38 336	-
	2 048 337	1 480 108
Remuneration of Executive Manager: Human Resources		
Annual Remuneration	-	646 535
Performance Bonuses	-	127 140
Contributions to UIF, Medical and Pension Funds	-	159 116
Leave Pay	-	59 671
	-	992 462
Remuneration of Executive Manager : Operations		
Annual Remuneration	-	606 647
Performance Bonuses	-	136 338
Contributions to UIF, Medical and Pension Funds	-	153 927
Leave Pay	-	154 971
	-	1 051 883

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
26. EMPLOYEE RELATED COSTS (continued)		
Remuneration of Executive Manager : Strategic Support		
Annual Remuneration	998 851	891 942
Travel Allowance	96 000	24 000
Contributions to UIF, Medical and Pension Funds	218 462	202 870
13th Cheque	50 886	76 329
	1 364 199	1 195 141
Remuneration of General Manager : Compliance and Secretarial		
Annual Remuneration	-	903 598
Performance Bonuses	-	118 460
Contributions to UIF, Medical and Pension Funds	-	212 167
Acting Allowance	-	79 298
	-	1 313 523
Remuneration of Executive Manager : Informal Trading and Public Transport		
Annual Remuneration	-	534 996
Contributions to UIF, Medical and Pension Funds	-	124 358
Leave Pay	-	49 377
Settlement Pay	-	917 136
	-	1 625 867
Remuneration of Executive Manager : Facilities Maintenance		
Annual Remuneration	-	811 297
Car Allowance	-	92 916
Performance Bonuses	-	111 794
Contributions to UIF, Medical and Pension Funds	-	232 325
Leave Pay	-	57 493
	-	1 305 825
Remuneration of Executive Manager : Corporate Services		
Annual Remuneration	1 245 334	-
Contributions to UIF, Medical and Pension Funds	268 285	-
	1 513 619	-
Remuneration of Executive Manager: Information Technology		
Annual Remuneration	891 253	-
Subsistence Allowance	1 059	-
Travel Allowance	30 000	-
Contributions to UIF, Medical and Pension Funds	189 204	-
	1 111 516	-

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand 2016 2015

27. DIRECTORS' EMOLUMENTS

The following emoluments were paid to the executive and non-executive directors during the year.

Executive	Emoluments	Travel Allowance	Company Contributions	Performance Bonus	Back-pay	Total
2016						
Ms H M Botes - Chief Executive Officer	1 484 534	250 000	29 126	280 000	769 566	2 813 226
Mr I M Bhamjee - Financial Director	1 373 269	96 000	290 681	193 462	-	1 953 412
	2 857 803	346 000	319 807	473 462	769 566	4 766 638

Executive	Emoluments	Travel Allowance	Company Contributions	Performance Bonus	Leave Pay	Total
2015						
Ms H M Botes - Chief Executive Officer	1 219 201	250 000	22 648	290 564	269 838	2 052 251
Mr I M Bhamjee - Financial Director	1 042 639	96 000	243 232	149 098	-	1 530 967
	2 261 840	346 000	265 880	439 662	269 838	3 583 218

Non-Executive	Emoluments	Retainer fees	Total
2016			
Mr A Mabizela - Chairperson	171 120	45 626	216 746
Mr T Hickman (retired 15/03/2016)	132 344	22 816	155 160
Prof AN Nevhutanda	118 658	22 816	141 474
Ms P Msweli (retired 15/03/2016)	74 166	22 816	96 982
Mr J Rabodila	133 491	22 816	156 307
Mr FD Ntombela	158 600	22 816	181 416
Mr MM Morojele	95 836	22 816	118 652
Mr C Kai	173 441	22 816	196 257
Dr N Mabuya (resigned 05/01/2016)	65 034	22 816	87 850
Mr L Mabuya (appointed 15/03/2016)	50 198	-	50 198
Adv M Mogale (appointed 15/03/2016)	66 172	-	66 172
Ms M Mojapelo (appointed 15/03/2016)	30 802	-	30 802
	1 269 862	228 154	1 498 016

Non-Executive	Emoluments	Retainer fees	Total
2015			
Mr A Mabizela - Chairperson	188 976	45 626	234 602
Mr T Hickman	125 842	22 816	148 758
Mr J Mabaso (retired 03/02/2015)	84 078	13 309	97 387
Prof AN Nevhutanda	90 283	22 816	113 099
Mr N Rau (retired 03/02/2015)	52 582	-	52 582
Ms P Msweli	86 020	22 816	108 836
Mr J Rabodila	137 749	22 816	160 565
Mr FD Ntombela	140 491	22 816	163 307
Mr MM Morojele	80 113	22 806	102 919
Mr C Kai	36 514	9 507	46 021
Dr N Mabuya	30 810	9 507	40 317
	1 053 558	214 835	1 268 393

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
28. TAXATION		
Major components of the tax expense (Income)		
Deferred		
Originating and reversing temporary differences	2 895 588	(27 691 391)
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus (deficit)	8 466 571	(84 051 737)
Tax at the applicable tax rate of 28% (2015: 28%)	2 370 640	(23 534 486)
Tax effect of adjustments on taxable income		
Non taxable/non-deductible expenses	524 948	(4 156 905)
	2 895 588	(27 691 391)
No provision has been made for 2016 current tax as the company has an estimated tax loss of R93 658 112 (2015: R107 324 979) available for set off against future taxable income.		
29. AUDITORS' REMUNERATION		
Fees	2 491 903	2 194 622
Reconciliation of audit fees		
Audit Fees - External	1 301 125	1 243 683
Audit Fees - Internal	1 190 778	950 939
	2 491 903	2 194 622
30. CASH GENERATED FROM OPERATIONS		
Surplus (deficit)	5 570 983	(56 360 346)
Adjustments for:		
Depreciation and amortisation	4 674 292	3 765 722
Loss on sale of assets and liabilities	219 617	3 216 884
Finance costs - Finance leases	642 744	555 245
Impairment loss	-	(4 072 319)
Debt impairment	2 423 893	154 425
Movements in operating lease assets and accruals	2 709 734	204 293
Movements in retirement benefit assets and liabilities	(553 771)	227 546
Movements in provisions	1 502 080	(2 203 464)
Annual charge for deferred tax	2 895 588	(27 691 391)
Scrapped finance lease asset	(152 644)	(160 956)
Donations Received	-	(1 183 588)
Changes in working capital:		
Receivables from exchange transactions	173 033 060	149 415 442
Consumer debtors	(2 423 893)	(154 425)
Other receivables from non-exchange transactions	2 546 884	(121 266)
Prepayments	(29 948)	472 807
Payables from exchange transactions	48 020 589	4 953 268
Deferred income	(4 701 750)	(6 364 000)
	236 377 458	64 653 877

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
31. COMMITMENTS		
Commitments in respect of capital expenditure:		
Authorised		
• Property, plant and equipment	4 000 000	4 000 000
Total capital commitments	4 000 000	4 000 000
Not yet contracted for and authorised		
Authorised operational expenditure		
Already contracted for		
Audit fees	627 923	1 980 820
Cleaning	-	11 565 685
Consulting fees	19 567 505	4 709 363
Fleet	4 784 377	12 106 220
Licenses	396 096	396 096
Repairs and maintenance	3 866 999	2 318 422
Security	-	11 344 017
Staff wellness	107 294	144 174
Temporary staff	511 077	1 664 041
	29 861 271	46 228 838
Total operational commitments	29 861 271	46 228 838
Already contracted for		
Total commitments		
Total commitments		
Authorised capital expenditure	4 000 000	4 000 000
Authorised operational expenditure	29 861 271	46 228 838
	33 861 271	50 228 838

This committed capital expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc. The entity has been allocated a capital expenditure budget of R4 000 000 for the 2016/17 financial year (2015: R4 000 000).

Operating leases – as lessee (Buildings)

Minimum lease payments due		
- Not later than one year	63 939 108	17 762 028
- Later than one year and not later than five years	114 609 316	31 302 493
- Later than five years	1 525 307	10 507 572
	180 073 731	59 572 093

Operating lease payments represent rentals payable by the entity for the JPC head office and office accommodation for 10 buildings for various City departments. Leases are negotiated for a term of 2 to 5 years for City department occupied buildings and 9 years and 11 months for the JPC head office, all leases are subject to yearly escalations. No contingent rent is payable.

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
32. RELATED PARTIES		
Relationships		
The company adheres to Section 45 of The Municipal Supply Chain Management Regulation:		
Contracts are entered into in terms of Services Delivery Agreements		
As all related parties are current no provision has been made in respect of bad debts.		
Controlling entity		
Fellow subsidiaries	The City of Johannesburg Metropolitan Municipality Johannesburg Social Housing Company (SOC) Ltd City Power Johannesburg (SOC) Ltd Johannesburg City Parks (NPC) Johannesburg Development Agency (SOC) Ltd Johannesburg Roads Agency (SOC) Ltd Johannesburg Fresh Produce Market (SOC) Ltd Johannesburg Water (SOC) Ltd Pikitup (SOC) Ltd Johannesburg Theatre (SOC) Ltd	
Related party balances		
Loan Accounts - Owning from related parties		
City of Johannesburg Metropolitan Municipality	77 880 864	-
Loan accounts - Owning to related parties		
City of Johannesburg Metropolitan Municipality	(73 672 114)	(221 863 016)
Interest paid to related parties		
City of Johannesburg Metropolitan Municipality	2 166 480	7 005 146
Services rendered to related parties		
The City of Johannesburg Metropolitan Municipality - Commission received	44 764 978	29 633 468
The City of Johannesburg Metropolitan Municipality - Capital commission received	27 386 973	12 689 067
The City of Johannesburg Metropolitan Municipality - Management fees	7 625 975	1 853 149
The City of Johannesburg Metropolitan Municipality - Internal recoveries	2 187 393	249 957 627
The City of Johannesburg Metropolitan Municipality - Subsidies received	340 630 000	-
City Power - Professional fees	146 016	-
Joburg Water - Professional fees	45 633	-
Pikitup - Professional fees	34 452	-
	422 821 420	294 133 311

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
32. RELATED PARTIES (continued)		
Balance included in trade receivables		
City of Johannesburg Ombudsman	1 044 622	-
City of Johannesburg Portfolio	-	12 927 434
City Power	110 070	52 368
Department of Citizen Relations and Urban Management	12 205 644	61 783 352
Department of Community Development	5 372	12 473 130
Department of Development Planning	750 000	19 302 410
Department of Economic Development	1 224 201	-
Department of Health	7 959	26 705 526
Department of Housing	3 715 394	3 241 464
Department of Social Development	13 070 775	-
Department of Transport	560 666	496 755
Department of Transport - BRT	421 315	1 792 939
Emergency and Medical Services	4 982 114	2 354 055
Environmental and Infrastructure Services	580 407	7 767 864
Group Corporate Shared Services	-	2 859 362
Group Finance and Revenue	5 819 462	55 681 888
Johannesburg City Parks	-	912 000
Johannesburg Metropolitan Police Department	16 726 921	18 076 567
Johannesburg Tourism	2 957	-
Johannesburg Water	5 685	26 184
Museum Africa	7 506	-
Office of the Speaker	872 991	10 240 128
Pikitup	39 275	78 550
	62 153 336	236 771 976
Interest received from related parties		
City of Johannesburg Metropolitan Municipality	3 004 637	-
Services received from related parties		
Group Corporate Shared Services	1 575 352	83 234
City of Johannesburg Civic Theatre	260	-
Office of the Mayor	2 159 312	-
	3 734 924	83 234

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

33. RISK MANAGEMENT

Financial risk management

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The company's cash is swept on a daily basis to The City of Johannesburg Metropolitan Municipality (COJ) main account. The City releases money for use by The City of Joburg Property Company (SOC) Ltd as and when it is needed. Any over expenditure in which current cash swept cannot cover is covered by the COJ.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance Lease Obligations	3 036 553	1 407 334	-	-
Trade and other payables	89 219 299	-	-	-

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance Lease Obligations	3 280 586	1 756 283	-	-
Trade and other payables	41 198 715	-	-	-

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus/(deficit). Fixed rate borrowings expose the company to fair value interest rate risk.

The company has not performed a sensitivity analysis as the company is exposed to fixed rate borrowings only.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade debtors are comprised of development fees on contracts awarded to a developer who has been awarded the tender and related party debtors generated from the internal recoveries of office accommodation for FMMU. The company manages development fee risk by inserting suspensive conditions in the signed contracts. If the developer cannot pay in the specified time, payment terms are arranged and failing which the contract will be cancelled and awarded to another developer.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
<i>Financial assets measured at fair value:</i>		
-Trade and other receivables	66 520 590	239 615 759
-Cash and cash equivalents	2 000	2 000
	<u>66 522 590</u>	<u>239 617 759</u>

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

34. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The existence of the company is dependent on the continued support of its sole shareholder being the City of Johannesburg Metropolitan Municipality by way of management fees paid each year in terms of a service delivery agreement entered into. Development fees received from external parties further support the going concern of the company. To support the continuous collection of management fees, JPC has a 30 year agreement with the Shareholder, of which 15 years are remaining.

35. UNAUTHORISED EXPENDITURE

There was no unauthorised expenditure during the 2015/16 financial year.

36. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	2 330 226	2 173 413
Penalties and interest	49 629	156 813
	2 379 855	2 330 226

2016: Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2015/16 financial year amounting to R49 629.

2015: Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2014/15 financial year amounting to R156 813

37. IRREGULAR EXPENDITURE

Opening balance	3 513 933	3 513 933
Written off	(3 513 933)	-
	-	3 513 933

During the 2015/16 financial year, the board of JPC resolved that the irregular expenditure from previous financial years be written off.

38. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of budget surplus with the surplus in the statement of financial performance:

Net deficit per the statement of financial performance	5 570 983	(58 697 744)
Adjusted for:		
Revenue	14 805 336	211 511 906
Operating expenses	(23 271 907)	(87 671 553)
Taxation	2 895 588	27 691 391
Net surplus per approved budget	-	92 834 000

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

39. PRIOR PERIOD ERRORS

Statement of financial position

Trade and other payables - Accruals (Note 1)	-	39 680
Trade and other payables - Accruals (Note 2)	-	(756 882)
Trade and other payables - VAT (Note 3)	-	(164 500)
Trade and other receivables (Note 3)	-	1 339 500
Trade and other receivables (Note 4)	-	(563 889)
Trade and other receivables (Note 5)	-	(222 214)
Trade and other receivables (Note 7)	-	(14 173 712)
Deferred taxation (Note 6)	-	(2 901 287)
Loan Account - GCSS (Note 7)	-	14 173 712
	-	<u>(3 229 592)</u>

1. **Trade and other payables - Accruals** - Directors retainers were incorrectly reversed in the current financial year.
2. **Trade and other payables - Accruals** - Expenditure relating to the prior period has been accounted for accordingly for legal fees, security and secretarial registrations.
3. **Trade and other receivables** - Revenue relating to commission on land sales of R1 339 500 has been recognised in the prior period when the property was transferred and the transaction concluded.
4. **Trade and other receivables** - A reconciliation of prior period debtors indicated that credit notes were required to be passed. The credit notes have been transacted in the period to which the revenue was raised.
5. **Trade and other receivables** - Travel expenditure was erroneously billed to intercompany debtors. The expense relates to prior periods.
6. **Deferred Taxation** - Deferred taxation has been recalculated for the 2014/15 financial year and an adjustment is required for prior period temporary differences.
7. **Loan Account - GCSS** - A payment for GCSS has been reallocated from the loan account to the trade receivables.

Statement of financial performance

Commission on land sales	-	(1 175 000)
Directors emoluments	-	(39 680)
Internal recoveries	-	563 889
Legal fees	-	124 119
Security expenses	-	625 729
Subscriptions	-	7 034
Travel - International	-	222 214
Deferred taxation expense	-	2 901 287
	-	<u>3 229 592</u>

City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

40. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the financial statements.

Rental of premises and cleaning services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the directors.

Additional deviations that have transpired during the 2015/16 financial year have been listed below. The deviations listed below are a continuation of those listed in the 2014/15 financial year. The deviations are as follows:

Extensions - Contracted Cleaning

Khulani Makhosikazi Khulani	780 000	930 300
Green Sweep	432 000	385 962
Green Interior	-	15 000
Oyinola Construction	-	486 388
	1 212 000	1 817 650

Extensions - Operating Lease Rentals

Sanlam/JHI	9 340 469	7 150 775
Redefine Properties	34 628 992	23 905 010
Investec Ltd	5 981 722	7 538 532
Germiston Bronze	6 498 123	5 180 976
CEZ Investments	3 508 965	2 601 576
66 Plein Street CC	8 695 886	8 308 473
Liberty Group Property Management	11 422 548	13 864 419
Zenprop	14 351 278	16 999 280
Orion Property	7 400 597	3 081 226
Hermans and Romans	10 042 797	8 702 789
	111 871 377	97 333 056

Extensions - Other Expenditure

Document Warehouse	242 127	162 195
Nicor Prosys	694 484	569 612
Softline VIP	573 752	355 464
Telkom	1 646 137	1 290 659
Infra-Sol	4 783 951	4 316 561
Schindler Lifts	2 307 409	1 853 512
Vodacom	738 146	347 923
Abzubros	383 494	-
	11 369 500	8 895 926

Extensions - Security

Mabotwane Security	4 721 795	4 246 831
Mafoko Security Patrols	1 431 114	660 001
Marshall Knights	572 844	351 373
MC Security	2 156 597	2 511 763
Peak security	132 347	78 091
Sihlangene Security	2 077 338	2 675 963
SOS Protecure	1 508 230	1 850 766
Venus Security Solutions	2 695	2 625

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

40. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)
Vimtsire Security Protections

1 699 762	2 235 812
14 302 722	14 613 225

41. SPONSORED SKILLS DEVELOPMENT

During the 2015/16 financial year a further R2 208 974 was pledged to be utilised in the skills development of JPC management.

The pledge is held in trust by Cliff Dekker Hofmeyer Attorneys on the pledgees' behalf.

As at 30 June 2016, R1 377019 of this fund has been utilised to identify the best international practices and standards for property and facilities management.

Sponsored skills development

Opening balance	482 728	1 140 000
Additions	2 208 974	-
Utilized	(1 377 019)	(657 272)
	1 314 683	482 728

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City of Joburg Property Company (SOC) Limited

(Registration number 2000/017147/07)

Financial Statements for the year ended 30 June 2016

Detailed Income statement

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Cellmast services	21	7 317 470	4 842 100
Commission received	21	72 434 721	49 129 128
Management fees	21	3 721 616	908 909
Internal recoveries	21	6 091 751	249 393 738
Third party development fees	21	12 141 449	1 677 135
Other income	22	900 600	1 183 588
Interest received	23	3 460 166	24 403
City of Johannesburg Metropolitan Municipality - Subsidy	21	340 630 000	-
EPWP grant	21	1 073 861	-
Total revenue		447 771 634	307 159 001
Expenditure			
Employee related costs	26	(219 341 443)	(190 697 184)
Depreciation and amortisation	12	(4 674 292)	(3 765 722)
Impairment loss	13	-	4 072 319
Finance costs	24	(2 858 853)	(7 717 204)
Debt Impairment		(2 423 893)	(154 425)
Repairs and maintenance	14	(34 959 074)	(26 963 026)
General expenses	25	(174 827 891)	(162 768 612)
Total expenditure		(439 085 446)	(387 993 854)
Operating surplus (deficit)		8 686 188	(80 834 853)
Loss on derecognition of assets		(219 617)	(3 216 884)
Surplus (deficit) before taxation		8 466 571	(84 051 737)
Taxation	28	2 896 588	(27 691 391)
Surplus (deficit) for the year		5 570 983	(56 360 346)

APPENDIX E(1)

	Current Year Actual Balance (000's)	Current Year Revised Budget (000's)	Variance (000's)	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Cellmast services	7 317	7 731	(414)	(5.4)	
Commissions received	72 434	91 868	(19 434)	(21.2)	Commissions trail budgeted objectives due to leases currently under review at EAC.
EPWP grant	1 074	1 106	(32)	(2.9)	
Internal recoveries	6 091	2 500	3 591	143.6	Revenue exceeds budget due to additional revenue from the facilitation of R&M projects across the CoJ for various departments and MOE's.
Interest received	3 460	2 687	773	28.8	Interest earned on surplus cash reserves.
Management fees	3 722	3 708	14	0.4	
Subsidy	340 630	340 630	-	-	
Third party facilitation fees	12 142	12 347	(205)	(1.7)	
	446 870	462 577	(15 707)	(3.4)	
Other income					
Donations received	901	-	901	-	No budget required/provided for donated IT equipment.
	901	-	901	-	
Cost of sales Expenses					
Personnel	(219 341)	(224 926)	5 585	(2.5)	
Depreciation	(4 674)	(5 332)	658	(12.3)	Depreciation is in line with the fixed asset register.
General expenditure	(177 252)	(194 364)	17 112	(8.8)	Expenditure has been kept below the budget due to cost cutting measures during the financial year.
Finance costs	(2 858)	(2 939)	81	(2.8)	
Repairs and maintenance	(34 959)	(35 016)	57	(0.2)	
	(439 084)	(462 577)	23 493	(5.1)	
Operating profit	8 687	-	8 687	-	
Other revenue and costs					
Gain or loss on disposal of fixed assets	(219)	-	(219)	-	
	(219)	-	(219)	-	
Net surplus/ (deficit) for the year	8 468	-	8 468	-	
Taxation					
Deferred tax	(2 896)	-	(2 896)	-	
	(2 896)	-	(2 896)	-	
Profit/(Loss) for the year	5 572	-	5 572	-	

6

Auditor General's Findings

136	Auditor-General's Report for the current year
136	Audit Findings and Remedial Action
137	Commitment by the Board of Directors
140	General Information

Wesbank Fairland Office Park interior

Auditors General Report

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.

	2011/12	2012/13	2013/14	2014/15	2015/16
Audit opinion	Unqualified	Unqualified	Unqualified	Unqualified	To be complete after Audit 2015/16

The Board of Directors and the Audit and Risk Committee are 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 2016

JPC Annual Performance Against the Scorecard			Prior Year - 2014/2015		Current Year - 2015/2016	
No.	KPA Description	KPI Description	Annual target	Actual	Annual target	Actual
1.	Sustainable human settlements	1.1. Develop and implement a comprehensive Facilities Management framework for City owned properties	N/A	N/A	100 % of targeted facilities redeveloped, and / or refurbished against Master Plan	100% of targeted facilities redeveloped, and / or refurbished against Master Plan
		1.2. Remodelling/modernization and refurbishment of all current public toilets	N/A	N/A	100% of project plan for the FY implemented	100% of project plan for the FY implemented
		1.3. Partnership model of the transport facility implemented in line with Mayoral resolution	N/A	N/A	100% of project plan for the FY implemented	100% of project plan for the FY implemented
		1.4. Partnership management model with informal traders implemented	N/A	N/A	100% of management model implemented	100% of management model implemented
		1.5. Develop and Implement a Citywide Land Strategy	N/A	N/A	Final approval of the Land Strategy	Final Approval of Phase 1 of the Land Strategy complete Phase 1 of the 7 milestones has been completed

JPC Annual Performance Against the Scorecard			Prior Year - 2014/2015		Current Year - 2015/2016	
No.	KPA Description	KPI Description	Annual target	Actual	Annual target	Actual
2.	SMME and entrepreneurial support	2.1. Creation of the SMME's, NGO's, Co-Ops and Community Organisation programme	4 000 SMMEs supported NGO's,Co-Orps and Community Organisation supported	7 159 S supported NGO's,Co-Orps and Community Organisation	4 000 SMME's, NGO's,Co-Orps and Community Organisation supported	4 130 SMME's, NGO's,Co-Orps and Community Organisation supported
		2.2. 4000 jobs created	8 000 jobs created	9 955 jobs created	4 000 jobs created	4 240 jobs created
		2.3. Release of land to SMME's, Co-Ops and Entrepreneurs under the transformation*, social economic*** and social** programme	Issue a request for proposal to Co-Ops	27 parcels of land identified, the database for Co-Ops is in place. 50 hectares of land, 1 hectare per 1 Co-Op released	35 SMMEs, Co-Ops and Entrepreneurs supported.	50 SMMEs, Co-Ops and Entrepreneurs supported.
3.	Financial sustainability and resilience	3.1. R100m of rental income from leases and servitudes sales, servitudes and acquisition	R100 million income raised	R111 million income raised	R100 million income raised	R131 m income raised
		3.2. Construction of the Council chamber as per the Office Space Optimisation programme	Site handover to the contractor	Site handover to the contractor	Completion of all works and opening of chamber	Interim refurbishments to be complete to cater for the 1st council sitting
4.	Transit Oriented Development – Priority areas (corridors/nodes)	4.1. Acquisition of properties along the Transit Oriented Development and support the housing master plan Priority Areas (corridors and nodes)	Acquisition of 20 properties along the Transit Oriented Development and support the Housing Master Plan by acquiring six properties in Priority Areas (corridors and nodes)	22 properties acquired for Corridors of Freedom and Housing Master Plan	Lodge transfer documents with Deeds Office for the 20 properties in the TOD and to support housing master plan	Negotiations Finalised. 26 Properties acquired
5.	Investment attraction, retention and expansion	5.1. Third party investment on COJ property transaction/ Investment in construction	Third party investment on CoJ property transaction: R350 million investment by private sector	R477 million investment by private sector	R 400 m investment by private sector	R423m investment by private sector
		5.2. Third party investment on COJ property transaction	R1 billion investment leverage on property transaction	R1 68 billion investment leverage on property transaction	R1 billion investment leverage on property transaction	R1.2 billion investment leverage on property transaction

JPC Annual Performance Against the Scorecard			Prior Year - 2014/2015		Current Year - 2015/2016	
No.	KPA Description	KPI Description	Annual target	Actual	Annual target	Actual
6.	Sustainable Human Settlements	6.1. Transfer or lease cumulative 13 000 properties under the land regularisation programme	13 000 properties leased or transferred	12 803 Identified properties 3 065 transferred properties	N/A	N/A

SAP Payroll Integration and Rollout Project

The SAP Payroll Integration and roll-out project has reached a final milestone i.e. Go-Live stage and the HCM team has been provided over-shoulder training as part of ensuring the readiness and smooth transition for successful implementation of SAP and running of the payroll operations. The focus for HR has been to embed the HR processes by creating awareness amongst employees.

The system changes that employees will experience are in respect the following aspects:

- Leave Management: Employees with zero annual leave balance, any leave taken will be recorded as unpaid leave.
- Manual Payslip instead of electronically payslip.

JPC and COJ are engaged in negotiations to finalize salient elements of the service level agreements and once in order to ensure approval and sign off.