

CITY OF JOBURG PROPERTY COMPANY (PTY) LTD

BUSINESS PLAN 2011/2012

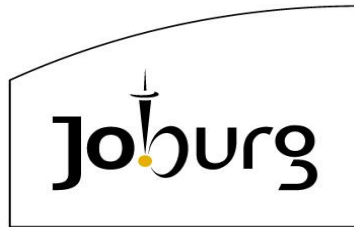
Business Plan - 2011/2012



City of Joburg Property Company Pty (Ltd)
"JPC"

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a world class African city

Sign Off:

Managing Director Name:

Signature of MD:

Signature of MMC:

Date:

Receipt & Review:

Signature of Finance Officer:

Signature of CSU Representative:

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1. INTRODUCTION

The City of Joburg Property Company (Pty) Ltd (JPC) was established in 2000 and is operating as an MOE of the Council, Council, to deliver the following:

- Property Development;
- Property Management Services;
- Asset Management Services; and
- All ancillary services to the above.

The main objective of JPC as an MOE is:

“to develop and manage Council-owned properties for the purpose of maximising both social and commercial opportunities for the Council in the short and longer term.” The nature of business is the Management of the CoJ property portfolio.

The JPC's mandate is to support the Council's economic strategy, as well as Mayoral strategic priorities aimed at making Johannesburg a “World-class African City”. JPC ensures that economic growth and job creation occur to address socio-economic disparities and legacies of discrimination and inequality as well as:

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

JPC has positioned itself as the managing agent of the property assets of the Council, responsible for maximising the social, economic and financial value of the CoJ's total property portfolio and enhancing the efficiency of its use as “The People's Property Company”.

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1.1. VISION AND MISSION

1.1.1. Vision

To provide property management, property development, property asset management services, land strategy, acquisition and stewardship in order to maximise the social, economic and financial benefit to the CoJ and support the CoJ's delivery objectives on a cost competitive basis.

1.1.2. Mission

JPC is the manager of the property assets of the City of Johannesburg, responsible for maximising the social, economic and financial value of the CoJ's total property Portfolio and enhancing the efficiency of its use. JPC will provide asset management, property management, property development services and land strategy, acquisition and stewardship to the CoJ, as well as interact with the general public in respect of this Portfolio. JPC will support the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery objectives of the CoJ.

1.1.3 Core values

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

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

1.2. MANAGEMENT AND ORGANISATIONAL STRUCTURE

The current approved organisational structure is divided into the following three (3) core business units and four (4) support units with 135 positions (both filled and vacant posts):

Core Business units

- Property Asset Management

This entails the strategic management of the City's property portfolio which includes fixed asset register management, physical verification of city fixed assets, property sector and economic research, strategic plan and property advise, compilation of asset management plans, portfolio sector and economic returns and council property information - to ensure maximisation of portfolio returns in line with JPC's social and economic mandate

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- **Property management**

This function involves obtaining and maintaining value from the property portfolio by effectively administering & leasing, acquiring and selling and lastly ensuring maintenance of the property and management of servitudes and encroachments and facilities management.

- **Property development**

Property development aims to maximise the financial, economic and social returns from the sale and/or lease of council owned land by active engagement with the property development value chain including site identification, property identification, site preparation, in line with the City's Growth and Development Strategy.

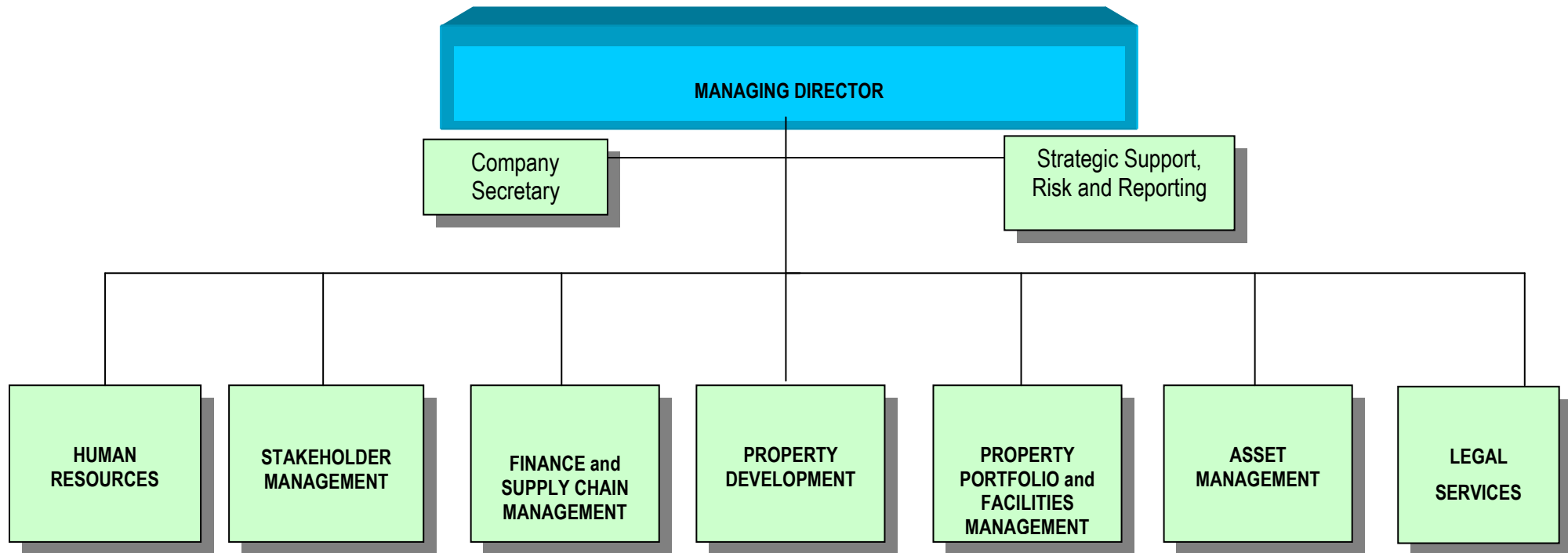
Support Units

- Human Resources
- Stakeholder Management
- Finance
- Legal
- Risk Management
- Company Secretariat

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The following is the current high level organisational structure of JPC which has a number of shortcomings:



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JPC is cognisance of the fact that the City is going through a transitional phase; the current organisational design of JPC has its shortcomings in that:

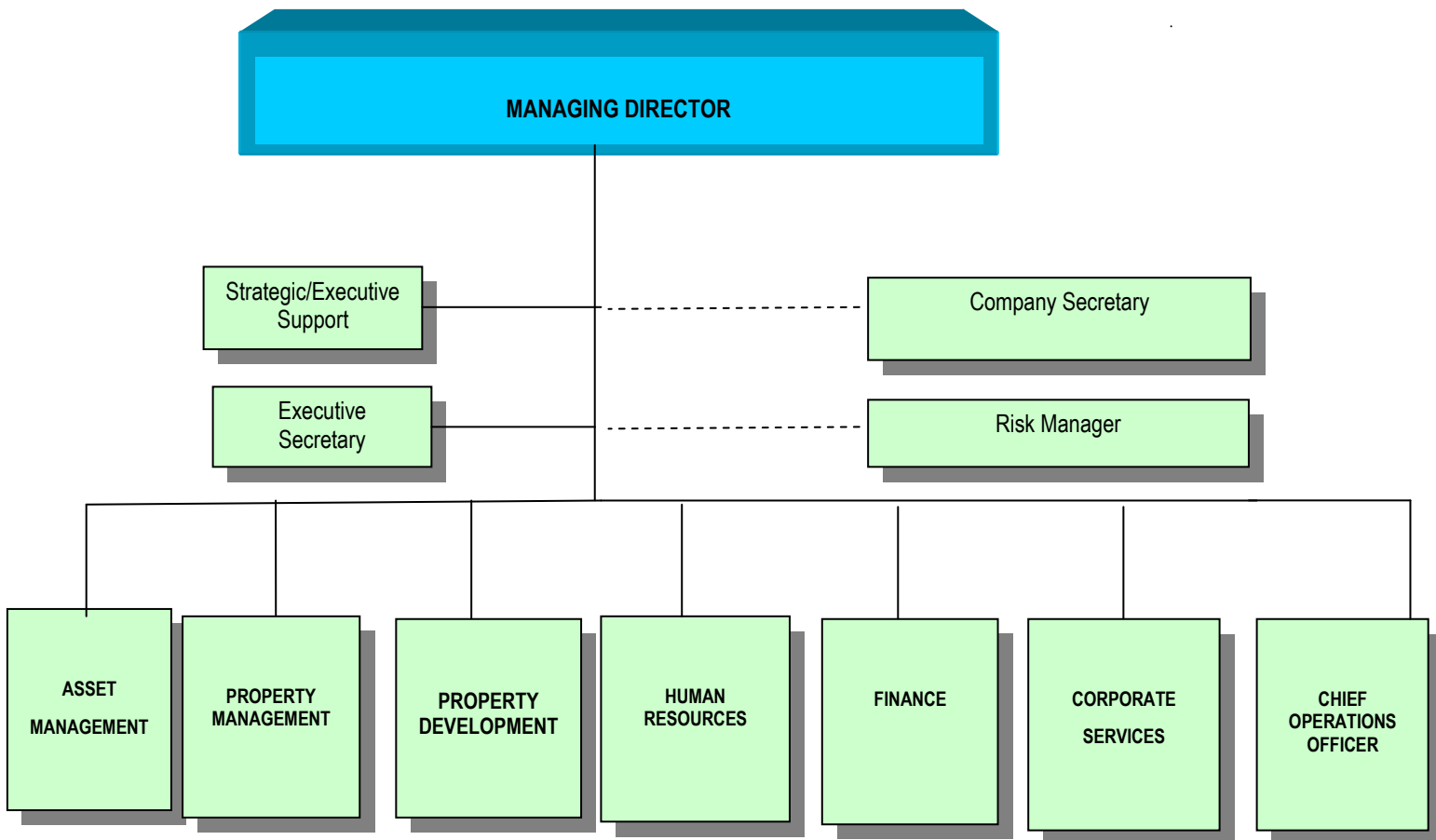
- There are certain unrelated activities within management portfolios and there's difficult links;
- The structure is geared towards economic gains rather than balancing social and economic development opportunities;
- Difficult links between process units (Property Management, Supply Chain and Legal);
- No specific capacity dedicated to ensuring end to end accountability for process completion;
- Focus on revenue generating properties only;
- Certain unrelated activities within management portfolios;
- Insufficient capacity dedicated to key revenue generating functions, e.g. advertising and
- Insufficient capacity dedicated to asset planning
- The current staff compliment consists mostly of entry level staff, addressing mainly the administrative functions of the organisation.

These shortcomings and imbalances have led to stakeholder frustration. The company embarked on a turnaround strategy exercise and the results showed that JPC required a re-engineering of functions within the company. The current organisational structure, therefore, had to be re-organised to better reflect both the economic and social objectives and to ensure end to end accountability for transactions handled by JPC.

To correct the imbalances and at the same time improve operational efficiencies of the company, JPC therefore proposed the following structure to its Board:

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The following changes were made to the high-level structure:

- Chief Operating Officer – new position introduced
- Human Resources - position has been elevated to an Executive Manager level Legal – Legal is no longer a direct report to the Managing Director
- Stakeholder Management – changed to Corporate Services as it includes activities such as IT, company registry, marketing and public relations.

The majority of changes have been made in the middle management level to address the skills shortage. The new proposed structure has 154 positions.

The Asset Management unit is reorganised to better reflect the future revenue model, by ensuring that the following required asset management services are provided:

- ✓ Portfolio/property strategy development (including research and valuations)
- ✓ Implementation of COJ/MOE property strategy/requirements
- ✓ Roll out of asset management plans

2. The Property Management unit is reorganised to ensure end to end accountability for transactions:

- ✓ There is a split between front office (external stakeholder engagements and property management to meet revenue targets) and back office (pure transaction processing)
- ✓ The legal process function (legal administration) is positioned within the Property Management transaction unit to ensure end to end accountability for transactions - legal process staff will still have a reporting line into the Legal Advise unit, in order to ensure best legal practice
- ✓ Provision for facilities management services

3. The Property Development unit is also reorganised to ensure end to end accountability for transactions:

- ✓ Dedicated legal administration function

4. Current support functions have been reorganised as follows:

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- ✓ COO: Special projects, risk and reporting has been elevated to an Executive Manager level. This unit will be responsible for overall CoJ reporting and to facilitate transformation and provide project management services for the company. The focus will also be on the development, implementation and monitoring of risk and the management of the Land Regularization Programme. A project management office (PMO) function is also within this unit for the potential incorporation into the future operating model
- ✓ Creation of a corporate services unit with marketing and communications, office management, stakeholder management and IT
- ✓ Human Resources will provide critical human resource management and streamline the manner in which HR support of strategic, transactional and departmental support activities are performed
- ✓ Legal services within the COO unit will perform true legal advisory services, not transaction processing support

In general, this structure aims to enable the departments to focus on the critical and core activities that contribute directly to JPC's front line service delivery.

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2. EXECUTIVE SUMMARY

JPC's mandate is to support the CoJ's economic strategy as well as Mayoral strategic priorities. These strategies are aimed at making Johannesburg a "World-class African City" through ensuring that investment, economic growth and job creation occur. As such the JPC sees as a core part of its business to support and encourage investment and growth, but also to address socio-economic disparities and legacies of discrimination and inequality as well as achieving the following priorities:

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

Financial and Budgetary Environment

In order to deliver its mandate effectively, it is critical that the costs incurred in managing the City's property portfolio are countered by revenue earned. The impact of a reduced budget will have an adverse effect on service delivery on JPC projects. However, JPC looks for alternative sources of funding. Financial year 2010/11 is a typical example of insufficient Capex budget received:

	REQUESTED	RECEIVED
JPC	R2.5m	R2m
CoJ Portfolio	R115.3m	R13m
TOTAL	R117.8m	R15m

Impact of under budgeting

The impact of under budgeting results in the following:

- Projects of CAPEX value of R115.3 and investment valued at over a billion will not be realised.
- Facilities management will not be effectively implemented resulting in dilapidated property
- Progress in Site development and site preparation will decline resulting in lack of realisation of the value of land
- Job creation will be negatively impacted.
- Negative impact on infrastructure development and thus reduce the value of the City's rate base.

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Some of JPC's projects are unfunded and they are usually rolled over. The magnitude and the size of the projects means that the timeframe to completion is between 3 and 5 years before a completed development can realise a value. Over the years, JPC has attracted R8.5 billion worth of investments but in order to realise the economic value of these investments it is critical to proceed with and finalise them, as they impact on job creation, infrastructure development and improved rates base.

For the 2011/12 financial year, the company's objectives would be achieved with the following CAPEX budget requested:

	REQUESTED
JPC	R2.5m
CoJ Portfolio	R69.35m

The reduced funding is a result of the organisation prioritising specific projects. It is therefore critical that the budget is fully funded.

Core projects

The company's priorities are as follows

- Complete physical verification of the asset register- Asset Management
- Accelerate land regularisation throughout all regions – COO office
- Clean up of outdoor advertising portfolio and revenue maximisation of the portfolio
- Development of a portfolio strategy
- Asset management planning
- Property value creation – all business units
- SDA refinement in consultation with City
- Implementation of a turnaround Strategy
- Completion of core projects as per the Operational plan in Table 2

Inter-governmental initiatives and collaboration with other sectors:

Collaboration with other Municipal Owned Entities (MOEs), City Departments, provincial departments, national departments and the private sector is critical to delivering quality services. JPC endeavours to identify and engage with private sector partners for the implementation of capital projects which contribute to the economic growth of the City, as per the Economic Development Sector plans. Our engagement with private sector has attracted investments of R8, 6 billion; however the company is looking at attracting more investments in future

Regulatory issues:

JPC is governed primarily by the Municipal Systems Act (as amended), Companies Act 2008 and Municipal Finance Management Act No 56 of 2003 (MFMA) and its various Regulations. The primary objective of is to ensure sound and sustainable management of the Council and its various entities.

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Dependency Matrix:

To deliver its mandate, JPC works hand in hand with the following Departments/MOE's:

Department/MOE	Dependency - assisting JPC in the managing and developing of Council-owned properties by
<p><i>Property Development and value creation</i></p> <p>1. Department of Planning and Urban Management</p> <p>2. Transportation Department / Johannesburg Roads Agency (JRA)/ City Power/Joburg Water</p> <p>3. Environment Department</p>	<ul style="list-style-type: none"> ○ Rezoning and subdivision of property ○ Timeous approval of building plans ○ Timeous approval of outdoor advertising in terms of by laws ○ Timeous establishment of townships ○ Implementation of the Land Strategy ○ Completion of Geographical Information System (GIS) and Land Information System (LIS) ○ Avail bulk services ○ Timeous connection of bulk infrastructure to property developments ○ Timeous assessments of environmental management plans and impact assessments
<p><i>Land Requirements</i></p> <p>1. All CoJ departments and MOEs</p>	<ul style="list-style-type: none"> ○ Ensuring compliance of Sec 14(2) of the MFMA by obtaining comments from departments and MOEs prior to leasing or alienating properties ○ Support land and property requirements from departments and MOEs to ensure successful completion of asset management plans. ○ Ensuring that strategic land parcels are alienated or leased in line with the Supply Chain Management policy for land and acquisition is done in terms of the Land Strategy and Spatial Development Frameworks ○ To ensure specialised asset, like parks, will be ring fenced for MOEs to perform facilities management ○ To ensure JPC is provided with all land requirements to enable the ring fencing of land parcels intended for service del, social purposed, service del purposes, environmental needs
<i>Management of the property</i>	

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<p><i>portfolio and revenue generation</i></p> <ol style="list-style-type: none"> 1. Revenue Department 2. Group Finance Department 	<ul style="list-style-type: none"> ○ Issuing timeously release of clearance certificates for properties which have been alienated. ○ Ensure availability of funds for the maintenance of the asset register in line with good governance
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Table 1: IDP Programmes and Delivery Agenda for 2011/12 which reflects only the **key programmes** the company will undertake.

5-year IDP Programme	Key programme output
Area based economic development programme	<p>Transfer 1000 properties to beneficiaries as part of the Land Regularisation initiative - Transfer and allocate properties to beneficiaries</p> <p>Increase the economic base of underdeveloped areas, value of investment secured in marginalised areas and developed areas</p> <p>Investments leveraged to facilitate improvement in underdeveloped areas including the South of Johannesburg and Inner City (including Randburg Development and decking of railway line)</p>
Beneficiation programme	Support Urban Agriculture by the initiation of the Disuse Land Programme
Emerging Industries support programme	Tenders to be awarded per year to the emerging property developers who will be mentored and supported
Acquisition of land for Housing	<p>Land acquired for the construction of housing units</p> <p>Inclusion of Housing requirement in JPC's mixed use development</p> <p>300 properties will be released in land regularization programme targeted at income group of R7500 and less or as directed by housing department</p> <p>JPC has pursued the development of integrated, mixed use, mixed income developments in the Diepsloot and Rietvlei Projects where 30% of development will be reserved for affordable housing.</p>

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5-year IDP Programme	Key programme output
Asset management and maintenance programme	Accomplish 100% verifiable fixed asset register – complete, accurate and valid asset register The Land Regularization information component will be added to the Fixed Asset Register.
Future revenue optimisation programme	Alternative sources of revenue – utilising the property asset Implement innovative revenue generation initiatives.
International & domestic positioning programme	Positioning of JHB as a centre of investment and to attract international finance and variety of scarce skills in the property and construction transactions on CoJ land, estimated to yield R1.0 billion private sector investment.
City marketing and communication programme	Initiatives and communication focused on key stakeholders viz. Council, Mayoral, MOEs, CoJ Departments, General Public, Property Industry, Other spheres of Government. Satisfaction level of 75% expected

3. STRATEGIC ANALYSIS

In order to ensure streamlined and focused service delivery, JPC has identified the following six (6) strategic objectives:

- Support economic development utilising the property portfolio;
- Support community development and social initiatives utilising the property portfolio;
- Utilise the CoJ property portfolio as a vehicle for transformation;
- Ensure efficient, economic, and effective service delivery to JPC's clients, customers and stakeholders and
- Ensure a professionally managed and sustainable company.

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

- Economic growth and job creation ;
- Health and Community development;
- Housing and Safety;
- Safe clean and green environment and
- Well governed and managed city

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The property environment, within which JPC operates, is adversely affected by regulatory and global economic market conditions, some of which are:

- Introduction of the Municipal Asset Transfer Regulations, 2008 which regulates the transfer and permanent disposal of non-exempted capital assets by municipalities and municipal entities in order to facilitate the enforcement and administration of section 14 (2) of the Municipal Finance Management Act 56 of 2003, which is to attain a council resolution before the alienation of any council owned properties. These regulations hinder the process of the City in the alienation of land because of time delays caused by compliance.
- The property portfolio is adversely affected by downturns in the global market.

Past performance on key areas

1. JPC, has in the past electoral term, continued to play an important role in the fulfilment of the City's vision through its property activities and related services. From the beginning of the electoral term, JPC has succeeded to position and manage the property holdings of the Council as a strategic and a valuable resource, which provides economic and financial returns as well as social benefits in line with the CoJ's priorities.
2. JPC, over the past 5 years, has leveraged private sector investments in excess of R8bn.
3. The company has devolved an estimated 7,000 properties to support the Housing Master Plan.
3. JPC raised alternative revenue to the value of R114m using the Outdoor Advertising portfolio
4. JPC recovered 33 properties valued at R200m that were fraudulently transferred, resulting in the company receiving positive media coverage for the City thereby maintaining the City's asset register.
5. JPC has demolished a significant number of illegal properties.
6. JPC has over the past years created over 1000 jobs utilising the property portfolio
7. Secured investments in marginalised areas to increase the economic base of the underdeveloped areas to the value of R1b in areas such as Orlando, Newtown, Land Regularisation programme, Jabulani and Kliptown
8. Ensured the completion of facilitation of:
 - Bruma development
 - Randburg
 - Newtown
 - Soweto Theatre
9. Completed the following developments:
 - Pan Africa Mall
 - Fairlands
 - Soweto Hospice

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- Heroes bridge
 - University of Johannesburg campus upgrade
 - Orlando Towers
 - JoshCo Hostel conversion
 - Dale Lace Village
 - Mofolo North residential development
 - Worldware Shopping Centre
 - FNB Westbank HO
 - Pan African Shopping Centre
 - Melrose Crossing
9. Surveyed the whole of Soweto for the Land Regularisation programme
10. Created 8000 jobs

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5-Year Strategic Objective	IDP Programme	Progress during the electoral term (2005/06-2010/11)
Improve the profile of Johannesburg, both on the continent and internationally, as a core centre of finance, business and trade.	International & Domestic Positioning Programme	In a bid to leverage private sector investment, the target for the 5 years was set at R1 billion per year, however the company raised R8 billion for the past 5 years.
Increased number of beneficiaries reached by City-facilitated skills development programme and job creation.	Skills Development Programme	8,000 jobs have been created in the property construction industry over the past five years.
Increase the economic base of underdeveloped areas of the City.	Areas based Economic Development Programme	Total investment of R1.5 billion has been leveraged.
Increase the City's spend to specific targeted firms owned by specific categories of HDI (BEE, women, youth, etc)	BEE support programme	Throughout the years, JPC has exceeded the 60% (Capex & Opex) mark in supporting BBBEE.
Increase budget spend on NGOs and CBOs targeting programmes at vulnerable and poor households. 100% of NGOs and CBOs have institutional and financial capacity to carry out their work in support of the poor and vulnerable by 2015	NGO/CBO Support Programme	JPC plans to continue supporting NGOs' & programmes that support the poor and vulnerable in terms of leases.

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5-Year Strategic Objective	IDP Programme	Progress during the electoral term (2005/06-2010/11)
Improved accessibility to sports and recreation facilities and programmes, both in terms of distribution across the City and average operating hours	Sports and development programme	One of the Mayoral priorities is to “Support community development and social initiatives”. JPC has embarked on various projects like Soweto Theatre and Soweto Hospice. Nike Sports Centre in Pimville has also leased out leases for social purposes.
Through both the City’s own means, and in partnership with other actors and stakeholders, deliver 100 000 well-located and good quality housing units over the next five years, which includes the delivery of 15 000 rental housing units, 30 000 housing units through Community Builder Programme and 50 000 mixed income housing units.	Acquisition of land for Housing	Various land parcels have been purchased and/or made available for the construction of housing units. The company acquired farms in Doornkop and Zandspruit – this equates to 5800 housing units.
Address the housing ladder gap by facilitating private sector delivery of affordable rental and home ownership	Housing ladder gaps delivery programme.	In a bid to further support economic development on Council-owned land, JPC has leverage 3000 affordable housing units in all residential developments of COJ land.
Introduce the Sustainable Human Settlements approach to all new housing developments	Sustainable Human Settlements Programmes (Housing component)	Pursued the development of integrated, mixed use, mixed income developments in different areas

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5-Year Strategic Objective	IDP Programme	Progress during the electoral term (2005/06-2010/11)
Improved understanding of future revenue risks and opportunities	Future revenue optimisation programme.	The company will continue to embark on investigating alternative sources of revenue which can be generated from the property asset
100% of CoJ Compliance with all relevant legislation	Legal support and compliance programme	Compliance Register was formulated and reported to the SHU on a quarterly basis.
Achieve clean audit	Internal audit development programme	For the past 5 years the company has achieved unqualified audit reports from the AG.
A record of active mutually beneficial, interactions with selected sister cities	Sister City and international relations programme, Protocol development programme.	JPC obtained membership of the South African Property Owners Association and has participated in international property seminars and expos e.g. MIPIM, EXPO REAL, FEPE and SAPOA

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Key programmes proposed to continue

5-year IDP Programme	Key programme output
Area based economic development programme	Transfer 1000 properties to beneficiaries as part of the Land Regularisation initiative - Transfer and allocate properties to beneficiaries Increase the economic base of underdeveloped areas, value of investment secured in marginalised areas and developed areas Investments leveraged to facilitate improvement in underdeveloped areas including the South of Johannesburg and Inner City (including Randburg Development and decking of railway line)
Beneficiation programme	Support Urban Agriculture by the initiation of the Disuse Land Programme
Emerging Industries support programme	Tenders to be awarded per year to the emerging property developers who will be mentored and supported

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5-year IDP Programme	Key programme output
Acquisition of land for Housing	<p>Land acquired for the construction of housing units</p> <p>Inclusion of Housing requirement in JPC's mixed use development</p> <p>300 properties will be released in land regularization programme targeted at income group of R7500 and less or as directed by housing department</p> <p>JPC has pursued the development of integrated, mixed use, mixed income developments in the Diepsloot and Rietvlei Projects where 30% of development will be reserved for affordable housing.</p>
Asset management and maintenance programme	<p>Accomplish 100% verifiable fixed asset register – complete, accurate and valid asset register</p> <p>The Land Regularization information component will be added to the Fixed Asset Register.</p>
Future revenue optimisation programme	<p>Alternative sources of revenue – utilising the property asset</p> <p>Implement innovative revenue generation initiatives.</p>
International & domestic positioning programme	<p>Positioning of JHB as a centre of investment and to attract international finance and variety of scarce skills in the property and construction transactions on CoJ land, estimated to yield R1.0 billion private sector investment.</p>

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5-year IDP Programme	Key programme output
City marketing and communication programme	Initiatives and communication focused on key stakeholders viz. Council, Mayoral, MOEs, CoJ Departments, General Public, Property Industry, Other spheres of Government. Satisfaction level of 75% expected

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SWOT analysis

The company is currently in the process of finalising the turnaround strategy which will improve operational efficiencies and revenue streams. Highlighted below are the SWOT elements that would have an impact on the effective implementation of the turnaround strategy.

Internal	Strengths <ul style="list-style-type: none">• Usable space of 17 000 hectares worth approximately R2bn• Ability to expropriate property• Extensive Experience in property management, development, asset management and facilities• Island of excellent in property management• Ability to use the strength of property to leverage investment• Access to key stakeholders and decision makers• JPC is the sole agent of the CoJ with a mandate to manage Council owned properties on behalf of the City in terms of the 25 year SDA with the City• Solid understanding of legislation and ability/commitment to work within in.	Weakness <ul style="list-style-type: none">• Inadequate HR capability• Lack of appropriate skills• Inadequate funding• Lack of centralised Property MIS• Outdated IT infrastructure• Cumbersome internal land transfer processes• Inability to maintain the property portfolio due to JPC's limited mandate regarding security and facility management services.• Overlaps with City Departments/MOEs.• Dependency with City departments /MOEs resulting in delays in implementation of property strategies.
	Opportunities <ul style="list-style-type: none">• Maximise revenue through the outdoor advertising portfolio – e.g. through identification of new sites without polluting the City• Increase the value of the property portfolio by purchasing strategic land for land banking• International investment: investigating alternative sources of revenue which can be generated from the property asset.• Optimise revenue from commercial portion of property portfolio.	Threats <ul style="list-style-type: none">• Vandalism to property portfolio• Land invasions• Illegal occupation of land parcels• Fraudulent land sales• Encroachment on JPC's mandate by other MOEs• Cumbersome CoJ's land approval processes for land transactions

4. STRATEGIC FOCUS AREA

4.1. Analysis of our business against GDS principles and City Indicators

4.1.1. Strategy Alignment / City Indicators

GDS principle	5-Year strategic objective – per business plan	Describe JPC's strategic objectives alignment to GDS – per business plan	Alignment to six themes identified in the turnaround strategy	Alignment to the six segments identified in the turnaround strategy
Proactive absorption of the poor Facilitated social mobility	<ul style="list-style-type: none"> Support Housing Master Plan and delivery utilising the CoJ property portfolio 	<ul style="list-style-type: none"> JPC supports the Housing Master Plan through the finalization of the acquisition of properties on behalf of CoJ Housing and the Provincial Department of Housing for the development of social housing 	<ul style="list-style-type: none"> Achieves social purpose Allows for participation across property value chain 	<ul style="list-style-type: none"> Service delivery Social Future needs
Innovative governance	<ul style="list-style-type: none"> Support economic development utilising the CoJ's property portfolio Ensure financial sustainability 	<ul style="list-style-type: none"> JPC, through its property management and development activities, actively generates private sector investment in the CoJ and long-term financial sustainability for the CoJ; targeting R1B property development and construction investment by the private sector in 2009/10 financial year Through the active management of the CoJ's property portfolio, JPC enhances long-term lease revenue generation and enhances the value 	<ul style="list-style-type: none"> Leads the property sector Achieves operational excellence Attracts and retains great people Participates across the property value chain Ensures financial sustainability for the City and itself Achieves its social purpose 	<ul style="list-style-type: none"> Disposal of non strategic assets Economic Future needs Open land

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GDS principle	5-Year strategic objective – per business plan	Describe JPC's strategic objectives alignment to GDS – per business plan	Alignment to six themes identified in the turnaround strategy	Alignment to the six segments identified in the turnaround strategy
		of the CoJ's property assets		
Balanced and shared growth Settlement restructuring Proactive absorption of the poor Facilitated social mobility Innovative governance solutions	<ul style="list-style-type: none"> Support economic development utilising the CoJ's property portfolio Support community development utilising the CoJ's property portfolio Support the Housing Master Plan and delivery utilising the CoJ property portfolio Support environmental programmes and Initiatives in the management of the CoJ's property portfolio 	<ul style="list-style-type: none"> JPC aims to award 75% of the CoJ's property portfolio and the company's CAPEX to BBBEE projects JPC actively supports and promotes socio-economic transformation both within the company and through property management and development activities All of JPC's property development initiatives address the need for sustainable human settlements. As such, all developments are based on sound principles for effective integration of communities and promote access to appropriate facilities and employment opportunities (mixed use developments), e.g. the Land Regularization Programme, Orlando Ekhaya, etc. 	<ul style="list-style-type: none"> Achieves its social purpose Achieves operational excellence Attracts and retains great people Participates across the property value chain Ensures financial sustainability for the City and itself 	<ul style="list-style-type: none"> Service Delivery Social Economic Future needs Non strategic Open land
Sustainability and environmental	<ul style="list-style-type: none"> Establish land strategy, 	<ul style="list-style-type: none"> JPC aims to ensure the quality of life of all communities by 	<ul style="list-style-type: none"> Achieves its social purpose 	<ul style="list-style-type: none"> Service Delivery Social

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GDS principle	5-Year strategic objective – per business plan	Describe JPC's strategic objectives alignment to GDS – per business plan	Alignment to six themes identified in the turnaround strategy	Alignment to the six segments identified in the turnaround strategy
justice	land acquisition and land stewardship in line with CoJ's priorities	<p>incorporating green infrastructure into developments on council-owned land, e.g. Huddle Park and Rietvlei Zoo Farm developments</p> <ul style="list-style-type: none"> JPC also brings green infrastructure to historically 'grey' townships with developments such as Orlando Ekhaya and the Pimville Golf Course JPC has also formulated the Disused Land Programme which looks at interim and effective utilisation and management of vacant land throughout CoJ, for agriculture, landscaping and environmental management 	<ul style="list-style-type: none"> Achieves operational excellence Attracts and retains great people Participates across the property value chain Ensures financial sustainability for the City and itself Achieves its social purpose 	<ul style="list-style-type: none"> Economic Future needs Non strategic Open land
Innovative governance solutions Settlement restructuring Balanced and shared growth Sustainability and environmental justice	<ul style="list-style-type: none"> Support community development utilising the CoJ's property portfolio Support environmental programmes and Initiatives in the management of the CoJ's 	<ul style="list-style-type: none"> JPC has an effective customer relationship management system that includes an information desk, client service centre and stakeholder management unit JPC has also entered into discussions with community leaders, action groups and ward councillors with regard to 	<ul style="list-style-type: none"> Achieves its social purpose Achieves operational excellence Attracts and retains great people Participates across the property value chain Ensures financial sustainability for the City 	<ul style="list-style-type: none"> Service Delivery Social Economic Future needs Non strategic Open land

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GDS principle	5-Year strategic objective – per business plan	Describe JPC's strategic objectives alignment to GDS – per business plan	Alignment to six themes identified in the turnaround strategy	Alignment to the six segments identified in the turnaround strategy
	property portfolio <ul style="list-style-type: none"> Establish land strategy, land acquisition and land stewardship in line with CoJ's priorities 	proposed development on council-owned properties <ul style="list-style-type: none"> JPC provided property related support services for other spheres of government through its participation in the Gautrain property related activities and the provision of social housing 	and itself <ul style="list-style-type: none"> Achieves its social purpose 	

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Table 2: Operational Plan 2011/12

5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
Sector diversification through support for emerging and new sectors and retention of competitive economic sectors	Leveraging and Facilitating of the creation of jobs in property portfolio projects on Council owned land	New Indicator	1. Potato Sheds & Majestic (Newtown) ¹ ²	R1.125M (200 jobs)	R4,5 million	Site Clearance and piling (Potato Sheds) Demolitions (Majestic) 20 jobs	R280 000	Foundations (Potato Sheds) Start Tenant Launch (Majestic) 30 jobs	R280 000	Start construction of top structure Tenanting (Majestic) 50 jobs	R280 000	Construction 15% complete Site preparation (Majestic) 100 jobs	R280 000
		New Indicator	2. Jabulani CBD Project	R1.16M	R3,5 million	Theatre 75% complete	R292 000	Theatre 100%	R292 000	Theatre opening	R292 000	Phase 1B (300 units)	R292 000

¹ Jobs are based on construction work based on 4 jobs per million

² Figures should be looked at cumulative year on year

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³ Jobs are based on construction work based on 4 jobs per million

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
		New Indicator	3. Orlando Ekhaya Project (Housing and Retail) ⁵ & ⁶	R1.16 M (100 jobs)	R3,5 million	Start Construction of Katavi Residences	R292 000	Katavi Residences 10% complete Start construction of Phase 1 Retail (Mall of Soweto)	R292 000	Katavi Residences 20% complete Phase 1 retail scheme 10% complete	R292 000	Katavi Residences 40% complete Phase 1 retail 20% complete	R292 000
		New Indicator	4. Kgoro (Sandton)	R1.2M	R6 million	20 jobs Finalisation of responsibility	R300 000	20 jobs Submission of sect 46	R300 000	30 jobs Attending to requirements for	R300 000	30 jobs SDP approved	R300 000

⁵ Jobs are based on construction work based on 4 jobs per million

⁶ Figures should be looked at cumulative year on year

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
			Integrated Development) Project ⁷ & ⁹	0 jobs		matrix and management rules Line shop handover		application and SDP		bulk services and finalising MOU			
						Site Clearance and piling (Potato Sheds) Demolitions (Majestic)	R250 000	Foundations (Potato Sheds) Start Tenant Launch	R250 000	Start construction of top structure Tenanting (Majestic)	R250 000	Construction 15% complete Site preparation	R250 000

⁷ High technology development, therefore less jobs created. This is a high-rise development.

⁸ Figures should be looked at cumulative year on year

⁹ This project is anticipated more than five (5) years. The balance will accrue in the following 5 years

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
						R5 Million investment		(Majestic) R10M investment		R15M investment		(Majestic) R20M investment	
	Asset Management and maintenance programme	New Indicator	Perform highest and best use on developable land owned by CoJ - Government Precinct- Commercial Offices		R4 million	Conduct highest and best use study (20 x 10,000 per highest and best use report)	R200,000	Conduct highest and best use study (20 x 10,000 per highest and best use report)	R200,000	Conduct highest and best use study (20 x 10,000 per highest and best use report)	R200,000	Conduct highest and best use study (20 x 10,000 per highest and best use report)	R200,000
	Asset Management and	New Indicator	Physical verification of entire property		R18,5m	Physical verification of 1500 improved	R4,125,000	Physical verification of 1500	R4,125,000	Physical verification of 1500 improved	R4,125,000	Physical verification of 1500 improved	R4,125,000

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
	maintenance Programme		holdings owned by CoJ.			properties and vacant land we know of: Condition of assessment of properties.(Expense).Generate savings targets Generate revenue - Income statement per property.		improved properties and vacant land we know of: Condition of assessment of properties.(Expense).Generate savings targets Generate revenue - Income		properties and vacant land we know of: Condition of assessment of properties.(Expense).Generate savings targets Generate revenue -Income statement per property.		properties and vacant land we know of: Condition of assessment of properties.(Expense).Generate savings targets Generate revenue - Income statement per property.	

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
								statement per property.					
Promoting Joburg as a business and leisure tourism destination, including positioning Joburg as a sort after head office location for international companies.	International & Domestic Positioning Programme	New indicator		R5million	R25million	Draft event-plan, source venue, service providers and sponsors	R500 000	Approval of event-plan, establish event's planning committee, confirm venue, service providers & sponsors	R500 000	Procure and reserve venue and other logistics, international and local sponsors from the property market	R2 million	Marketing and communications plan, set-up dedicated website, marketing campaign, publication, promotions	R2 million
	City marketing and communication	New Indicator		R1MIL	R5MIL	Project plan and source service provider(s),	R50 000	Establish co-ordinating committee	R50 000	Brand ten land-parcels, five buildings and one	R450 000	Brand twenty land parcels, ten buildings and two	R450 000 brand twenty land parcels, ten

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
Promoting trade and investment, with emphasis on fixed direct investment by anchoring Joburg as a centre of finance, business and trade	tion programme							and approve site-projects		construction site		construction sites.	buildings and two construction sites.
	Revenue Maximisation programme	New Indicator	1.Utilising Outdoor Advertising Portfolio to promote investment in COJ, particular PD areas	R650k	R650k	Finalise the City's fundraising initiative with the remaining outdoor advertising players and embark on "outdoor advertising operation cleanup	R300k	Finalise the clean-up exercise	R350k	Planning and identification of new outdoor sites – advertising precinct	Nil	Planning and identification of new outdoor sites – advertising precinct	Nil

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
	Leveraging of private sector investment in property portfolio projects.	New Indicator	1.Potato Sheds & Majestic (Newtown) &	R1Million (R50 million investment target)	R3 million								
		New Indicator	2. Jabulani CBD Project (Mixed-use Development) 10	R1M (R90 million investment target)	R3 million	Theatre 75% complete Phase 1A Residential units(300) superstructure	R250 000	Theatre 100% complete Phase 1A Residential units (300)	R250 000	Theatre opening Phase 1B Residential units (300) superstructure Retail	R250 000	Phase 1B (300 units) completed Retail development 15% complete	R250 000

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
						R20m Investment		complete R30m Investment		development construction started R20m Investment		R20m investment	
		New Indicator	3. Orlando Ekhaya Project (Housing and Retail) ¹¹	R1M (R50 million investment target)	R3 million	Start Construction of Katavi Residences R0M investment	R250 000	Katavi Residences 10% complete Start construction of Phase 1 Retail (Mall	R250 000	Katavi Residences 20% complete Phase 1 retail scheme 10% complete	R250 000	Katavi Residences 40% complete Phase 1 retail 20% complete	R250 000

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
								of Soweto)					
								R15M investment		R15M investment		R20M investment	
		New Indicator	4. Kgoro (Sandton Integrated Development) Project ¹² & ¹³ & ¹⁴	R1.2M (R25 million investment)	R6 million	Finalisation of responsibility matrix and management rules Line shop handover	R300 000	Submission of sect 46 application and SDP	R300 000	Attending to requirements for bulk services and finalising MOU	R300 000	SDP approved	R300 000

¹² High technology development, therefore less jobs created. This is a high-rise development.

¹³ Figures should be looked at cumulative year on year

¹⁴ This project is anticipated more than five (5) years. The balance will accrue in the following 5 years

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
Facilitating enterprise development and support through capacity development, strategic procurements and access to finance for small, micro and medium enterprises (SMMEs), including cooperatives	Emerging industries support programme	New Indicator	Develop and Roll-out a Property Incubator Programme	R1,5 million	R6 million	Conduct Research	R0,5 million	Draft Strategy Document	R0,2 million	Conduct Workshops & obtain Board Approval	R0,3 million	Obtain Council Approval & Launch	R0,5 million

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
Encouraging and supporting the creation of sustainable work opportunities													
Implementation of skills development and re-skilling programmes that are linked to the needs of the market	Skills development programme	New Indicator	Develop and Roll-out a Property Skills Programme	R1,5 million	R16,5 million	Conduct Research & Establish Partnerships	R0,5 million	Draft Strategy Document	R0,2 million	Conduct Workshops & obtain Board & Council Approval	R0,2 million	Conclude Partnership Agreements / MOU & Launch	R0,6 million
Championing spatial economic restructuring	Area based economic development programme	New Indicator	1. Soweto Land Regularisation	R7 million	R27 million	Q1 - 5% Allocation of all occupied and verified Council owned properties (100	R1,75 million	Q2 - 5% Allocation of all occupied and verified Council owned	R1,75 million	Q3 - 5% Allocation of all occupied and verified Council owned properties	R1,75 million	Q4 - 5% Allocation of all occupied and verified Council	R1,75 million

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
for grown and marginal areas.			Project			properties)		properties (100 properties)		(100 properties)		owned properties (100 properties)	
		New Indicator	2. Audit of vacant non residential stands properties to put out on public tender	R5 million	R20 million	100% completion of audit (150 properties)	R2,5 million	Public Tender for audited properties	R1 million	Evaluation of tender	R1 million	Adjudication and Award	R0,5 million
		New Indicator	Perform highest and best use on developable land owned by		R2 million	Conduct highest and best use study for industrial development	R100,000	Conduct highest and best use study for industrial	R100,000	Conduct highest and best use study for industrial development zones (10 x	R100,000	Conduct highest and best use study for industrial development	R100,000

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5 Year strategic focus/objective	5 year programme	Baseline	Key Activities per IDP Programme	2011/12 Budget	Total estimated 5 year budget	Q1		Q2		Q3		Q4	
						Activity	Budget	Activity	Budget	Activity	Budget	Activity	Budget
			CoJ - Industrial Development Zone.			zones (10 x 10,000 per highest and best use report)		development zones (10 x 10,000 per highest and best use report)		10,000 per highest and best use report)		zones (10 x 10,000 per highest and best use report)	
	Socio-economic development programme		Implementation of the turnaround strategy			15 % Implementation after the approval		35% implementation		25% implementation		25% implementation	

4.1 The Turnaround Strategy

4.1.1 Background

Having been in existence for ten years, it was decided during the February 2010 strategy session that JPC needed to develop a turnaround strategy positioning the organisation for growth over the short, medium and longer term. Items listed for investigation were, *inter alia*:

- Reviewing the current business model and mandate and ascertaining whether the current model is still applicable after the evolution of the company over the past 10 years;
- Identifying overlaps and integration with the other CoJ departments and MOEs;
- Asset Management sweating the asset to achieve greater commercial returns, without losing the social focus;
- Investigating whether the company can take a stake and participate in property developments; and
- Developing a financial turnaround strategy to ensure financial independence and future sustainability.

As a result, a three phase turnaround strategy development process was kicked off in July 2010:

- Phase 1: Fact base development;
- Phase 2: Short-to-medium term strategy development; identification of quick wins and priority organisational strengthening activities; and
- Phase 3: Long term strategy development; short-to-medium term strategy implementation.

4.1.2. Strategy overview

The turnaround strategy will ultimately enable JPC to maximise the returns of the portfolio, both economic (capital and income growth) and social. To achieve this, JPC needs to be able to effectively deliver on a more extensive mandate from the City.

In line with best practice, management will focus first on strengthening weak areas in the organisation and achieving quick wins (short-to-medium term strategy), before committing to a larger mandate (long term strategy), i.e. follow a 2 stage turnaround strategy.

4.1.3. Short-to-medium term strategy

The short-to-medium term strategy will focus on strengthening core business activities through several initiatives:

- Clarify the high level mandate;
- Clearly define the core business;
- Align and enhance the revenue model;
[The above three initiatives will require the renegotiation of the service delivery agreement with CoJ]
- Drive quick win revenue initiatives;
- Develop the portfolio strategy;
- Strengthen the operating model; and
- Focus on effective implementation.

4.1.4 Clarify the high level mandate

JPC's mandate from CoJ has to balance both social and economic goals, however, to date; the focus of the mandate has been swayed towards financial/economic goals.

Historically, the property portfolio has made a relatively insignificant financial contribution to CoJ. Moreover, even if CoJ property portfolio returns could match private sector benchmarks the portfolio would be unlikely to make a significant relative financial contribution to the City. However, the social goals of the City are highly dependent on the City's property portfolio.

JPC's long term aspiration going forward should thus be grounded in unlocking the socio-economic potential of the property portfolio for the benefit of the City's residents; this must outweigh the purely financial objectives that have been emphasised over the elapsed medium term.

4.1.5 Clearly define the core business

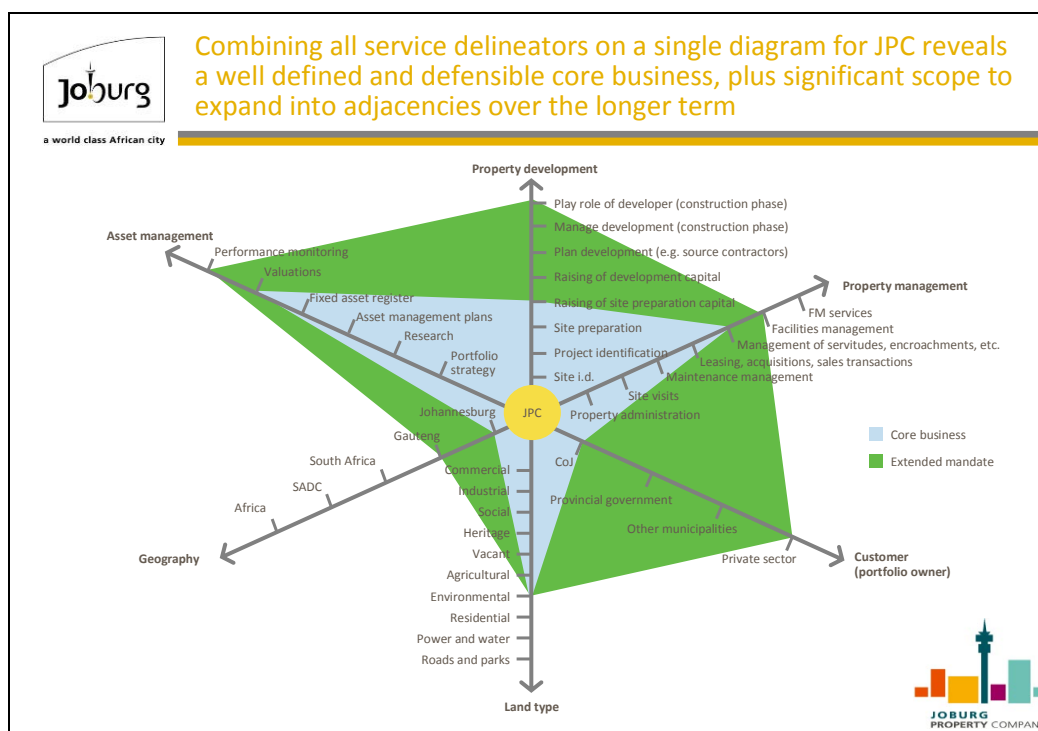
Over the short-to-medium term, JPC will focus on its three current core business services:

- Asset management;
- Property management; and
- Property development.

Within each of these three areas, the core business services has been tightly defined, and sufficient scope has been given to expand into adjacent areas over time.

A number of property service/mandate overlaps currently exist within the City structures, particularly with regards to Dept. Corporate Support and Shared Services, Dept. Housing, JOSHCO and JDA. Specialist function - MOEs also perform various property related activities. JPC utilised business definition analysis to clarify which assets should fall under JPC's management, as well as the proposed treatment of "grey areas".

JPC's core business is depicted against several descriptive axes in the figure below.



4.1.6 Align and enhance the revenue model

The current revenue model, initiated through the original Service Delivery Agreement with CoJ, does not ensure alignment of interest between CoJ and JPC. As a result, JPC has been incentivised to focus on income generating assets only, thereby neglecting the City's non-income generating assets.

JPC has proposed a revised future revenue model which will better align interests and provide for industry acceptable sources of revenue. Nine revenue streams have been identified which, at a high level, fall into three categories of revenue:

- CoJ fee for assets under management;
- CoJ commissions on revenue generating portfolio activities; and
- Third party fees and commissions.

4.1.7 Drive quick win revenue initiatives

The following quick win revenue initiatives have been identified by JPC:

- Finalising historical transactions; and
- Enhancing revenue from outdoor advertising and cell masts.

4.1.8 Develop the portfolio strategy

JPC is in the process of developing the property portfolio strategy. This involves conducting a land audit, portfolio segmentation, true revenue/cost allocation analysis and segmental strategy development.

Preliminary analysis has been conducted on JPC's current asset register, enabling a draft segmentation, revenue/cost allocation and strategy development process to be conducted. However, the fundamental enabler of the portfolio strategy is the information that will be obtained about each asset through the completion of the land audit. Once this is available, the portfolio strategy can be concluded.

Six preliminary segments have been identified within the portfolio, each consisting of a number of similar assets and having a unique set of strategic priorities:

- Open land assets
- Service delivery assets
- Social assets
- Economic assets
- Future needs assets
- Non-strategic assets

4.1.9 Strengthen the operating model

The two areas within the operating model that most require strengthening are the organisation design (and related human capacity) and core process efficiency.

At a high level, JPC's future organisation design will have 3 core business units and 4 support functions. Sub-functions within these units have been redesigned to deliver more effectively on JPC's mandate. This redesign requires a headcount increase from 135 to 154.

36 processes (16 of which relate to core business processes) have been identified for clarification and potential redesign during the turnaround strategy implementation phase. This is expected to improve turnaround times and general efficiencies.

4.1.10 Focus on effective implementation

Implementation of the short-to-medium term turnaround strategy involves a number of carefully planned initiatives. These initiatives have been mapped out onto a high level road map, as well as more granular action plans, detailing initiative responsibilities, timelines, key milestones, etc. Rigorous project management of these plans will ensure effective implementation of the strategy.

4.2 Long term strategy

The long term strategy will focus on revenue generating activities that are beyond the scope of the current mandate from CoJ. These initiatives are anticipated to bring the economic contribution of relevant segments of the property portfolio closer to private sector benchmarks. Initiatives include:

- Property structure
- Land banking
- Usufruct
- Facilities management
- Property development

JPC has broadly defined the objectives, benefits, constraints, risks and potential revenue implications for each of these initiatives, and is in the process of developing a set of more granular business cases.

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5. RISK ASSESSMENT

The table below reflects the top eleven risks of the company.

Table 3: Risks, Mitigating actions

	Risk Category	Objectives	Risk Description (what is likely to hinder attainment of the objective)	Background to the risk (root cause)	Impact		Likelihood		Inherent Risk		Current controls (what is currently in place to mitigate the risk)	Control Effectiveness		Residual risk		Risk Owner	Actions to improve management of the risk	Action Owner	Time scale
1	Human Capital		Attraction and retention of skills	-Lack of HR strategy -Ineffective HR policies -Salary disparities -Mismatch of skills -Inadequate information dissemination by HR	Moderate	3	Almost Certain	3	Amber	9	-Approved and implemented HR policies - Turnaround strategy -Redesign of HR structure - Organisation strengthening initiatives	Good	0.40	Green	3.6	MD: JPC	1. Aligning with COJ HR strategy 2. Continuous monitoring compliance with HR policies	1-2. Manager: HR	Sep-11
2	Financial	Support economic development by the creation of jobs, training etc	Inadequate financial resources	-Insufficient CAPEX and OPEX budget -Delayed cash flow from private sector development partner and increase in the	Major	4	Possible	5	Red	20	-Applied for additional funding from external sources -New revenue	Good	0.40	Amber	8	MD: JPC	1. Implement the revenue model as per turnaround strategy 2. Collaborate	1-2. All GMs	1. September 2011 2.Ongoing

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		utilising the CoJ's Property Portfolio by selling, developing and leasing the land.		cost of construction prices						model in place -Revenue plan in place -MIG funding in place - International sources identified					with Department s and external stakeholder s				
3	External Environment		Non conducive investment environment	-Unstable political climate -Labour laws -Union laws -Land invasions -Illegal occupation of property -Lack of investor incentives -Restrictive supply chain policies/legislation -Poor perception of South Africa	Major	5	Possible	3	Red	15	-Targeted release of erven and development properties to emerging developers and previously disadvantaged individuals -Constant engagement with communities and other stakeholders - Prohibitory interdicts -Physical security and fencing -Ongoing communication to stakehold	Good	0.40	Amber	6	MD: JPC	1. Ongoing communication and education about JPC programs and achievements 2. Package investment deals with incentives 3. Continuous release of erven	1. GM: Stakeholder Management 2. GMs: Asset Management, Stakeholder Management and Legal	1. Ongoing

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										ers -Process mitigation of legislative restriction s									
4	Process	Support communit y developm ent utilising the CoJ's Property portfolio	Vandalism and inability to maintain facilities	-Destruction of facilities by vandalism- Abuse of social facilities by tenants using them commercial purposes- Unclear roles and responsibilities in relation to facility management- Inadequate funding for maintenance- Inadequate capacity to monitor and control	Major	4	Possibl e	3	Red	1 2	-Adhoc site inspection of facilities- Agreemen ts with tenants in place- Onsite security	Poor	0. 90	Red	1 1	MD: JPC	1. Request for additional funding for maintenanc e and security2. Tender for security that would include cleaning at no additional cost3. Introduce penalty clauses for non- compliance 4. Evict tenants5. Expand prohibitory interdicts to social properties6. Turnaround strategy to address new way of dealing with	1. GM: Finance2. GM: Supply Chain Managem ent3-5. GM: Legal	1. December 2011 2.Septembe r 2011 3- 7 June 2012

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[illegible]

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6	Process		Insufficient facilities to support community development objectives	-Inability to attract investors to invest in social properties -Insufficient funds	Moderate	3	Possible	3	Amber	9	- Incorporated social requirements into development agreements with the private sector	Good	0.40	Green	3.6	MD: JPC	1. Engage private investors 2. Source donor funding 3. Engage ward councillors to identify community needs 4. Release land parcels for social and community development	1-4. All GMs	1-4. Ongoing
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7	Information Management	Establish land strategy, land acquisition and land stewardship in line with CoJ's priorities	Incomplete assets register	-Property information is decentralised -Lack of integration of LIS, Valuation and Billing systems -Lack of funding and capacity (e.g. human) -Contract with service provider has expired.	Major	4	Possible	4	Red	16	-Contract with Intersite on a month to month basis -A project definition and scope of work has been finalised - Maintenance of the current asset register - Requested budget for integration -Asset verification exercise by - Partnership with CGIS COJ -LIS is in place	Fair	0.75	Red	12	MD: JPC	Integration and maintenance of COJ asset register	GM: Asset Management	1. September 2011 2. December 2011 3. March 2012. 4 June 2012
8	Financial		Loss of revenue	-Outstanding approved transactions (lease, sale, developments, servitudes) -Poor internal processes	Major	4	Possible	2	Amber	8	-Task team established to fast track process. - Monitoring of all	Good	0.40	Green	32	MD: JPC	1. PIMS to go live 2. Report monthly to EXCO	1. GM: Asset Management 2. GM: Portfolio Management	1. September 2011 2. Monthly

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										transac ns to ensure they are finalised and income received.									
9	Regulatory	Ensure good governance and a professionally managed company	Litigation	-Inadequate internal control mechanisms -Complex property rights -Restrictive legislation -Delays in property transfers and finalisation of contracts	Moderate	3	Possible	3	Amber	9	-Policies and procedures in line with best practice -Updates and training on new legislation - Compliance checklists -Levels of authority -Board charter -Annual review of policies and procedures -Quarterly litigation reports - Monitoring of case maker system -Targeted	Fair	0.75	Amber	6.8	MD: JPC	1. Implementation compliance register 2. Review of delegation of authority 3. Prioritisation of conveyancing and development matters 4. Quarterly reporting on compliance. 5. Proper contract management	1-6. GM: Legal and Company Secretary	1. September 2011 2. December 2011 3. June 2012

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										training workshops on policies and legislation - Monitoring of compliance -City's compliance register									
10	Process	All objectives	Inadequate marketing of the company	-No long term vision to promote products and relevant communication to stakeholders -Lack of marketing strategy -Inadequate branding	Major	4	Possible	4	Red	16	-Ad hoc marketing of products -Draft marketing strategy	Fair	0.75	Red	12	MD: JPC	1. Increase and sustain awareness(e.g. regional road shows) 2.Implementation and continuous monitoring and review of the marketing strategy	1. GM: Stakeholder Management	Ongoing
11	Integrity	All objectives	Fraud and corruption	Land invasions, Illegal constructions, Fraudulent sales, Illegal occupation of land parcels, Breaching of internal controls	Major	4	Possible	3	Red	12	Approved fraud policy, fraud hotline, internal awareness workshop	Fair	0.75	Red	12	MD: JPC	1.Investigation 2.External roadshow, fraud risk assessment and reporting	GM: Legal	September 2011

6. FINANCIAL IMPACT

6.1 Key Operations by general Cost Category

Operational Expenditure

Table 4: Operational Expenditure

Key Operations	Financial Impact – ZAR '000					
	S & W	R & M	CS	GE	Other	Total
<u>Salaries and wages</u>	<u>59 153</u>			<u>22 020</u>	<u>2 789</u>	<u>83 962</u>
Etc.						
<u>Totals</u>	<u>59 153</u>			<u>22 020</u>	<u>2 789</u>	<u>83 962</u>

The above indicates the intercepted expenditure of R 83.9 million for the year ended 30 June 2012. Salaries make up 69% of the total expenditure budget and remaining refers to general expenses which contain fixed costs such as rental, subscriptions, and lease agreements that JPC had entered into.

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Key Operations by general Cost Category

	2007 /08	2008 /09	2009 /10	Current year 2010/11			Medium Term Revenue and Expenditure Budget					
	Audi ted	Audi ted	Audi ted	Orig inal Bud get	Adju sted Bud get	Full Year Foreca st	Budget Year	Variance	Estimates	Estimate s	Estimates	Estimates
	Outc ome R 000	Outc ome R 000	Outcome R 000	R 000	R 000	R 000	2011/12 R 000	%	2012/13 R 000	2013/14 R 000	2014/15 R 000	2015/16 R 000
REVENUE												
Property rates												
Property rates - penalties imposed & collection charges												
Service charges - electricity revenue												
Service charges - water revenue												
Service charges - sanitation revenue												
Service charges - refuse removal												
Service charges - other												
Regional Service Levies												
Rental of facilities and equipment												
Interest earned - external investments	253	24	8	7	7	7	8	9.8%	8	9	9	10
Interest earned - outstanding debtors	1,289	1,441	2,086									
Fines												
Licenses and permits												
Agency services	18,683	40,687	18,664	22,638	106,413	106,413	50,387	-52.6%	41,305	43,049	45,101	47,347
Operating grants &												

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subsidies												
Other Revenue	5,41 5	14,7 13	68,6 99	115, 614	31,8 39	31,839	39,635	24.5%	53,152	56,002	59,397	62,898
Gain on Disposal of PPE												
DIRECT OPERATING REVENUE	25,6 40	56,8 65	89,4 57	138, 259	138, 259	138,259	90,030	-34.9%	94,465	99,060	104,507	110,255
Internal Transfers												
Interest Income (Sweeping Account)												
Interest on Loans (Core)												
Internal Recoveries (ME's / Core)												
Internal Recoveries (Core)												
Internal Capital Grants (MIG)												
Operating Grants & Subsidies from (COJ)	11,1 30	10,5 16	537									
Total Internal Transfers	11,1 30	10,5 16	537									
TOTAL OPERATING REVENUE	36,7 70	67,3 81	89,9 94	138, 259	138, 259	138,259	90,030	-34.9%	94,465	99,060	104,507	110,255
EXPENDITURE												
Employee related costs	26,6 43	31,7 78	37,6 53	75,4 80	76,1 42	76,142	59,153	-22.3%	63,175	66,650	70,316	74,183
Remuneration of Councillors												
Debt impairment												
Depreciation & asset impairment	858	1,24 7	1,19 1	1,21 0	1,41 9	1,419	1,500	5.7%	1,584	1,671	1,763	1,860
Repairs and maintenance												
Interest Paid : External Borrowings	247	382	314	370	370	370	391	5.7%	413	436	460	485
Bulk purchases												
Contracted services												
Grants and subsidies paid – external												
General expenses	10,4 13	16,4 69	16,1 57	22,1 77	20,2 04	20,204	22,020	9.0%	22,770	24,025	25,351	26,750

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Contribution to/from Provisions												
Loss on disposal of PPE	21	385	350									
DIRECT OPERATING EXPENDITURE	38,182	50,261	55,665	99,237	98,135	98,135	83,064	-15.4%	87,942	92,782	97,890	103,278
Internal Transfers												
Interest Expense (Sweeping Account)			137		1,590	1,590		-100.0%				
Interest on Shareholders Loans	395	603	624		362	362	898	148.1%	948	1,000	1,055	1,113
Interest on Mirror Conduit loans												
Internal Charges (ME's / Core)				850								
Internal Charges (Core)												
Operating Grants & Subsidies to ME's												
Total Internal Transfers	395	603	761	850	1,952	1,952	898	-54.0%	948	1,000	1,055	1,113
TOTAL OPERATING EXPENDITURE	38,577	50,864	56,426	100,087	100,087	100,087	83,962	-16.1%	88,890	93,782	98,945	104,391
OPERATING DEFICIT/(SURPLUS)	1,807	(16,517)	(33,568)	(38,172)	(38,172)	(38,172)	(6,068)	-84.1%	(5,575)	(5,278)	(5,562)	(5,864)
Transfers Recognised												
Capital Grants												
Capital Contributions												
OPERATING DEFICIT/(SURPLUS)	1,807	(16,517)	(33,568)	(38,172)	(38,172)	(38,172)	(6,068)	-84.1%	(5,575)	(5,278)	(5,562)	(5,864)
Less Tax	(2,098)	4,310	11,484	11,070	11,070	11,070	1,760	-84.1%	1,617	1,531	1,615	1,704
OPERATING DEFICIT/(SURPLUS) - after tax	(291)	(12,207)	(22,084)	(27,102)	(27,102)	(27,102)	(4,308)	-84.1%	(3,958)	(3,747)	(3,947)	(4,160)

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The CAPEX allocated to JPC and Portfolio is R2 million (IT software) and R13 million (Site Development – Various properties) respectively.

The list below reflects the core projects and is not necessarily in order of priority.

Table 5: Key programme costing

5 Year Strategic Objectives	IDP Programme	Delivery Agenda	Total Programme Cost
Measured increase in sectoral diversification and growth in sectors targeted for City Support	Sector Support Programme	Ensuring 40% BEE participation during the construction based on the leverage investment	8,117
Increased number of defined beneficiation projects facilitated by the City	Beneficiation programme	Support Urban Agriculture by the initiation of the Disuse Land Programme	4,059
Increase in the rate of formation of new businesses	Emerging Industries support programme	Five tenders to be awarded per year to the emerging property developers who will be mentored and supported	4,059
Improve the profile of Johannesburg, both on the continent and internationally, as a core centre of finance, business and trade	International positioning programme	Positioning of JHB as a centre of investment and to attract at least 10% international finance and variety of scarce skills in the property and construction transactions on CoJ land, estimated to yield R1.0 billion private sector investment.	4,059
Increase in the City's spend to specific targeted firms owned by specific categories of HDI (BEE, women, youth, etc)	BEE support programme	70% of CAPEX and OPEX to be spent on BEE firms	4,059
Increased role of co-operatives in the City economy, and increased number of informal traders in City managed market spaces 'graduating' into formal businesses	Informal and community sector support programme	Operational support centre for BBBEE, Investor and Property Information (JPC)	4,059

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Economic base of underdeveloped areas of the City increased over five years	Areas based economic development programme	Investments leveraged to facilitate improvement in underdeveloped areas including the South of Johannesburg and Inner City (including Randburg development and decking of railway line estimated to be R250m	4,059
Increased number of beneficiaries reached by City-facilitated skills development initiatives	Skills development programme	1 trainee per R5 million ie.140 trainees for R700million	1,623
Increase the spending on NGOs and CBOs targeting programmes at vulnerable and poor households. 100% of NGOs and CBOs have institutional and financial capacity to carry out their work in support of the poor and vulnerable by 2015	NGO/CBO Support Programme	The transactions relating to property related transactions will be facilitated by JPC for the NGOs and CBOs on behalf of the COJ.	4,059
Improved accessibility to sports and recreation facilities and programmes, both in terms of distribution across the City and in terms of average operating hours	sports and recreation facilities and programme	The JPC will facilitate the awarding of all lease agreements relating to sports and recreational clubs on behalf of the COJ. The JPC would also secure and maintain the facilities during the time when such facilities are not leased.	1,623
Through both the City's own means, and in partnership with other actors and stakeholders, deliver well-located and good quality housing units over the next five years, which includes the delivery rental housing units, housing units through Community Builder Programme and mixed income housing units. Address the housing ladder gap by facilitating private sector delivery of affordable rental and home ownership	Housing programme Acquisition of land for Housing & Housing ladder gaps programme	The JPC would acquire and make available land to Housing Department for the development of residential housing. JPC would also through its property development programmes deliver low cost housing.	8,118
Introduce the Sustainable Human Settlements approach to all new housing developments	Sustainable Human Settlements Programmes (Housing component)		4,059

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Establishment of a network of open spaces that contribute to social and environmental opportunities	Metropolitan open space system implementation programme	Various projects with a high green footprint are underway and they include: Orlando eKhaya, dam and wetlands; Huddlepark; Pimville Golf Course and Rietvlei Farm, Florida Lake and River park. To achieve this in some areas the COJ exchanged valuable land for low financial value environmental projects	4,059
Development of an integrated asset management plan and system	Asset management and maintenance programme	A Fixed Asset Register with 100% level of completeness and accuracy has been compiled. The Land Regularization information component will be added to the Fixed Asset Register.	4,059
Improved understanding of future revenue risks and opportunities	Future revenue optimisation programme.		8,117
100% of CoJ Compliance with all relevant legislation	Legal support and compliance programme	Development of a land/property acquisition, land/property management and utilization and land/property disposal policy; in line with the Government wide Immovable Asset Management Act.	4,059
Achieve clean audit	Financial Management programme	<ul style="list-style-type: none"> • Management of control environment to ensure maintenance of a clean audit; • Implement programmes that ensure compliance with applicable standards • 100 % Clean audit report 	4,059
Timeous, relevant information dissemination to stakeholders	City marketing and communication programme	Initiatives and communication focused on key stakeholder viz. Council, Mayoral, MOEs, CoJ Departments, General Public, Property Industry, Other spheres of government. Satisfaction level of 75% expected	2,435
A record of active mutually beneficial, interactions with selected sister cities	Sister City and international relations programme, Protocol development programme.	Formation of public sector property/ real estate/ immovable assets forum. Plans are underway to sister with international companies for interaction and future adoption of best practice standards	2,435

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6.2 Capital Expenditure

Table 6: Operational Capital

EXPENDITURE	APPROVED 2010/11 R'000	BUDGET BUDGET 2011/12 R'000	ESTIMATE 2012/13 R'000	BUDGET ESTIMATE 2013/14 R'000
Computers	1 600	1 200	1 100	1 100
Furniture	200	300	400	400
Capital improvements	200	500	500	500
TOTAL	2 000	2 000	2 000	2 000

6.3 Service Delivery Budget Implementation Programme

Not Applicable to JPC

6.4 Revenue and Tariff Analysis

Not applicable to JPC

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7. HUMAN CAPITAL

7.1 Staff Establishment

The company currently conducts its business with a staff complement of 128 employees. This includes 14 short-term contractors. Additional temporary workers are intermittently employed through labour brokers to address staff shortages in certain departments.

JPC as an organisation has grown significantly over the past decade and it has therefore become necessary to realign itself to the strategic intent of the organisation. Failure to do so results in an organisation being unable to achieve its strategic goals and inefficiencies result.

The main objective of the proposed Turnaround Strategy is to strengthen the core business. The proposed organisational design, in support of the Turnaround Strategy, makes provision for additional positions at mid-management level, compared with a historically predominantly administrative heavy structure.

The following core departments will remain, namely Asset Management, Property Management and Property Development. The support units will be: Finance, Corporate Services, Human Resources and Chief Operating Officer.

The existing JPC structure consisted of 135 positions while the proposed structure has increased to 149 positions.

To address the operational needs in the short-term, the following human capital interventions will be undertaken:

1. Filling of critical positions through internal recruitment. This is in line with the JPC recruitment and selection policy.
2. Filling of critical positions through external recruitment (buy strategy). External recruitment will only be initiated in instances where suitably qualified candidates could not be identified from within.
3. We will continue to focus on a build strategy by seconding employees to more critical roles (lateral interim moves) and making acting appointments in line with policy requirements. Greater emphasis will be placed on training initiatives and allocating bursaries. A review of critical leadership roles will be undertaken with a focus on development of succession candidates. This will enable JPC to grow its own skills over time.

The table below illustrates the staff numbers in terms of the proposed structure.

	Department	Actual Head Count	Proposed Structure	Predicted Variance
1	Office of the MD	3	8	5
2	Asset Management	8	16	8
3	Property Management	31	42	11
4	Property Development	17	17	0
5	COO: Special Projects & Risk	10	20	10
6	Human Resources	5	8	3
7	Finance	18	22	4
8	Corporate Services	22	21	-1
	Total	114	154	40

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Table 7: Staff Estimates

7.2 Human Capital Expenditure

The following costs are attached to the human capital requirements in fulfilment of the JPC operations.

Table 8: Staff Expenditure

TOTAL STAFF EXPENDITURE				
SALARIES AND WAGES	Financial Year 2009/10	Financial Year 2010/11	Financial Year 2011/12	Projected Percentage Growth/Decrease
	47 400 000	76 142 000	59 153 000	-22.3%

The decrease from 2010/11 to 2011/12 will not affect the operational implementation of the proposed structure.

Table 9: Expenditure on Contracted Services

CONTRACTED SERVICES (Consultancy Services)				
SERVICES RENDERED	Previous Financial Year 2009/10	Current Financial Year 2010/11	Next Financial Year 2011/12	Projected Percentage Growth/Decrease
TOTALS	4 562 000	6 685 000	8 365 000	20% increase

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Table 10: Staff Expenditure vs. Operational Expenditure

RATIO OF STAFF TO OPERATING EXPENDITURE				
	Previous Financial Year 2009/10	Current Financial Year 2010/11	Next Financial Year 2011/12	Projected Percentage Growth/Decrease
STAFF EXPENDITURE	47 440 000	76 142 000	59 153 000	-22.3 %
TOTAL OPERATING EXPENDITURE	71 035 000	100 087 000	83 962 000	-17.0%
RATIO	66.8%	76.0%	71%	-39.3%

7.3 Employment Equity

JPC as an employer fully subscribes to the purposes and intent of the Employment Equity Act no. 55, 1998. Reports are submitted annually to Department of Labour.

Table 11: Employment Equity

Categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Managing Director	0	0	0	0	1	0	0	0	1
Senior Managers	6	0	1	3	1	1	1	0	13
Middle Managers	7	0	1	2	5	0	1	0	16
Junior Managers	11	0	1	4	13	2	1	3	35
Semi-Skilled Staff	10	0	0	0	28	5	1	5	49
TOTAL	34	0	3	9	47	9	4	8	114

JPC is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution of the Republic of South Africa and the Employment Equity Act (EEA) No 55 of 1998. Gender mainstreaming, youth programmes, succession planning and retention have become some of the key drivers in managing the manpower strategies at JPC. More so, employment equity strategies have become a course for action to promote equality amongst employees and help towards the development of future competent leaders in the Property Industry.

Designated group status may be used as a tie-breaker in recruitment process, to ensure that where two suitably qualified job candidates are available, we may prefer to appoint the employee from a designated group, if that group is under-represented in that position or occupation.

A revised EE policy was introduced in the past financial year where the following broad targets were established:

- Current target base = 65/35%
- Planned target base = 80 /20%

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The JPC Employment Equity and Training and Development Committee was officially elected and appointed towards the latter part of the 2010/2011 financial year. To date, awareness sessions were conducted; consultation at all levels took place and adequate capacitation of the forum was given priority. The Committee has developed its own Constitution and is aggressively promoting the finalisation of the EE Plan by the JPC management.

The 2011/2012 financial year will accordingly see the implementation and the effective monitoring and evaluation of the plan.

Below are some of the principles which guide the planning process:-

- ✓ JPC strives to create an open, fair and democratic workplace based on human dignity, freedom and equality;
- ✓ JPC is committed to the principles of equity, non-discrimination and diversity as enshrined in the Constitution of the Country and the EEA;
- ✓ JPC will seek to create a workplace that reflects the diversity of South African society, and contributes to maximising the human resource potential of all people;
- ✓ JPC commits itself to apply employment equity as a means to promote equity in the workplace;
- ✓ Employment equity measures will be designed to ensure that suitably qualified people from designated groups have equal opportunities in employment and advancement;
- ✓ JPC's commitment to employment equity is based on two key principles:
 - The recognition that the disparities inherited from the apartheid past created inequalities for the majority of the population and that these disparities require redress
 - JPC core principles are drawn from the Constitution, social legislation and shared values of the organisation's stakeholders and staff
- ✓ JPC believes that the essence of non-discrimination lies in the creation of fair opportunities for all in the society, and in particular those who are or have been discriminated against on the basis of race, gender, sexual orientation or other arbitrary or unjustifiable grounds;
- ✓ JPC will implement this policy using an inclusive approach that addresses both numerical targets and non-numerical processes; i.e. affirmative action measures;
- ✓ Overall targets set for the JPC will inform departmental targets;
- ✓ Employment equity constitutes a major change initiative and will be managed as such;
- ✓ The policy will endeavour to facilitate the involvement of all stakeholders, and their roles will be clearly outlined;
- ✓ Effective processes and structures will be put in place to monitor and evaluate the success of the employment equity programmes in a transparent and participative manner. The numerical targets and non-numerical objectives are to form part of Management's Performance Contracts;
- ✓ Preference in future appointments for groups that are under-represented in the different occupational levels/categories will form part of a key feature in the implementation of the JPC's EE Policy;
- ✓ In accordance with Section 15(4) of the EEA, nothing in this policy requires JPC to take any decision concerning an employment policy or practice that would establish an absolute barrier to the prospective or continued employment or advancement of people who are not from designated groups.

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Gender Mainstreaming Programme

The City of Johannesburg's (hereafter CoJ or City) Gender Mainstreaming Programme (GMP) began in earnest in May 2008 and since then much progress has been achieved. The progress made bodes well for the roll-out process which is planned in the three year lifespan of the project. The GMP broadly aims to ensure that gender becomes mainstreamed into the process, systems, policies and organisational culture of the City of Johannesburg, across Core Departments and Municipal Owned Entities.

This programme will consolidate the many gender initiatives undertaken within the City, which have mostly lacked institutionalisation and have been poorly popularised. These initiatives have remained fragmented along department /institutional lines and, consequently, the monitoring of these programmes and the assessment of their impact has also remained fragmented. Through the GMP these initiatives will be examined against the objectives and key deliverables of the Programme.

A key strength of the GMP is that its focus lays both in internal and external communities of the City. As a result of this two-pronged focus, the Programme has two main departmental drivers, namely the Departments of Corporate and Shared Services.

The main objectives of the Gender Mainstreaming Programme are:

- To finalise the gender policy of the City of Johannesburg.
- To work with all departments and units of the City in developing gender action plans.
- To build capacity for the implementation of these plans through on-the-job training.
- To monitor and evaluate implementation of the Gender Policy.
- Present the Draft Gender Policy to the Executive Management Team
- Gender Policy be finalised and adopted by the Council
- Gender indicators be included in the current IDP planning process, and
- Structures and roles and responsibilities around gender mainstreaming need further interrogation.
- Hold capacity building workshops for the Gender Focal Points

7.4 Staff turnover / movement during previous financial year 2011/12

Table 12: Staff Turnover

Staff Movements	African		Coloured		Indian		White		Totals
	Male	Female	Male	Female	Male	Female	Male	Female	
Recruitment	8	6	1	3					18
Promotion									0
Resignation	3				1				4
Early Retirement									0
Retirement									0
Retrenchment									0
Medical Boarding									0

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Staff Movements	African		Coloured		Indian		White		Totals
	Male	Female	Male	Female	Male	Female	Male	Female	
Dismissal	1	1				1			3
Death									0
Contract Expiring	3			1					4
Grand Total	15	7	1	4	1	1			29

7.5 Employee wellness programmes

JPC's employee Wellness Committee previously comprised of dedicated employees who performed duties voluntarily towards the goal of managing the social wellness side of JPC's manpower. The voluntary employee wellness team changes participation on an annual basis, in order to provide opportunities to other staff members who have a passion towards such social courses.

A significant milestone has been achieved during the 2010/11 financial year in that the company managed to establish an official OHASA committee. The structure is still at its infant stages and interventions based on capacitation of the forum members are currently being undertaken.

JPC in the interim still continues to seek the assistance of the CoJ's OHASA department, in particular where there is need for the services of a medical doctor or a professional counsellor to assist employees in the workplace. In addition, JPC participates in all peer education workshops and currently has two skilled peer coordinators who are able assist to staff in managing their HIV and Aids status.

The company actively participated and will continue to support World Aids Day on the 1st of December and other important awareness campaigns such as World breast cancer day and World tuberculosis day.

The impending move of the JPC to new office premises will ensure that OHASA is appropriately positioned to deliver amongst other employee wellness imperatives, on the provisions of the Occupational Health and Safety Act.

8. APPENDIX

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Johannesburg Property Company

**DRAFT MEDIUM TERM REVENUE AND EXPENDITURE
BUDGET FOR 2011/12 - 2015/16**

	2007/08	2008/09	2009/10	Current year 2010/11			Medium Term Revenue and Expenditure Budget					
	Audited	Audited	Audited	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Variance	Estimates	Estimates	Estimates	Estimates
	Outcome R 000	Outcome R 000	Outcome R 000	R 000	R 000	R 000	2011/12 R 000	%	2012/13 R 000	2013/14 R 000	2014/15 R 000	2015/16 R 000
REVENUE												
Interest earned - external investments	253	24	8	7	7	7	8	9.8%	8	9	9	10
Interest earned - outstanding debtors	1,289	1,441	2,086									
Agency services	18,683	40,687	18,664	22,638	106,413	106,413	50,387	52.6%	41,305	43,049	45,101	47,347
Other Revenue	5,415	14,713	68,699	115,614	31,839	31,839	39,635	24.5%	53,152	56,002	59,397	62,898
DIRECT OPERATING REVENUE	25,640	56,865	89,457	138,259	138,259	138,259	90,030	34.9%	94,465	99,060	104,507	110,255
Internal Transfers												
Operating Grants & Subsidies from (COJ)	11,130	10,516	537									
Total Internal Transfers	11,130	10,516	537									
TOTAL OPERATING REVENUE	36,770	67,381	89,994	138,259	138,259	138,259	90,030	34.9%	94,465	99,060	104,507	110,255
EXPENDITURE												
Employee related costs	26,643	31,778	37,653	75,480	76,142	76,142	59,153	22.3%	63,175	66,650	70,316	74,183

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Depreciation & asset impairment	858	1,247	1,191	1,210	1,419	1,419	1,500	5.7%	1,584	1,671	1,763	1,860
Interest Paid : External Borrowings	247	382	314	370	370	370	391	5.7%	413	436	460	485
General expenses	10,413	16,469	16,157	22,177	20,204	20,204	22,020	9.0%	22,770	24,025	25,351	26,750
Loss on disposal of PPE	21	385	350									
DIRECT OPERATING EXPENDITURE	38,182	50,261	55,665	99,237	98,135	98,135	83,064	15.4%	87,942	92,782	97,890	103,278
Internal Transfers												
Interest Expense (Sweeping Account)			137		1,590	1,590		-				
Interest on Shareholders Loans	395	603	624		362	362	898	100.0%	948	1,000	1,055	1,113
Internal Charges (ME's / Core)				850				148.1%				
Total Internal Transfers	395	603	761	850	1,952	1,952	898	54.0%	948	1,000	1,055	1,113
TOTAL OPERATING EXPENDITURE	38,577	50,864	56,426	100,087	100,087	100,087	83,962	16.1%	88,890	93,782	98,945	104,391
OPERATING DEFICIT/ (SURPLUS)	1,807	(16,517)	(33,568)	(38,172)	(38,172)	(38,172)	(6,068)	84.1%	(5,575)	(5,278)	(5,562)	(5,864)
Less Tax	(2,098)	4,310	11,484	11,070	11,070	11,070	1,760	-	1,617	1,531	1,615	1,704
OPERATING DEFICIT/ (SURPLUS) - after tax	(291)	(12,207)	(22,084)	(27,102)	(27,102)	(27,102)	(4,308)	84.1%	(3,958)	(3,747)	(3,947)	(4,160)

COUNCIL PROPERTY COMPANY (PTY) LTD

2011 – 2012 BUSINESS PLAN

GLOSSARY OF TERMS

<u>TERM</u>	<u>DETAIL</u>
<u>CoJ</u>	<u>Council</u>
<u>JPC</u>	<u>Joburg Property Company</u>
<u>JDA</u>	<u>Joburg Development Agency</u>
<u>JoshCo</u>	<u>Joburg Social Housing Company</u>
<u>NGO</u>	<u>Non Government Organisation</u>
<u>MOE</u>	<u>Municipal Owned Entity</u>
<u>WSP</u>	<u>Workplace Skills Plan</u>
<u>ATR</u>	<u>Annual Training Report</u>
<u>SAPOA</u>	<u>South African Property Owners Association</u>
<u>GIS</u>	<u>Geographic Information System</u>
<u>LIS</u>	<u>Land Information System</u>
<u>PIMS</u>	<u>Property Information Management System</u>
<u>OPEX</u>	<u>Operational Expenditure</u>
<u>CAPEX</u>	<u>Capital Expenditure</u>
<u>MFMA</u>	<u>Municipal Finance Management Act</u>
<u>IDP</u>	<u>Integrated Development Plan</u>
<u>GDS</u>	<u>Growth & Development Strategy</u>