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# Q1 QUARTERLY PERFORMANCE REPORT 2024/25

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED  
Registration No: 2003/008063/07



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

**JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED**

**COMPANY INFORMATION:**

**Registration number** : **2003/008063/07**

**Registered Address** : **61 Juta Street  
Braamfontein**

**Postal Address** : **61 Juta Street  
Braamfontein**

**Telephone number** : **(011) 406-7300**



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**E-mail** : **[info@joshco.co.za](mailto:info@joshco.co.za)**

**Bankers** : **Standard Bank of SA Limited**

**Auditors** : **Auditor-General of South Africa**

<p><u>Musa Nkosi</u> Name &amp; Surname Chief Financial Officer</p> <p> Signature</p>	<p>Date of Approval: <u>16/10/2024</u></p>
<p><u>Nokwazi Mtshali</u> Name &amp; Surname Acting Chief Executive Officer</p> <p> Signature</p>	<p>Date of Approval: <u>16/10/2024</u></p>
<p><u>Jason Sobekwa</u> Name &amp; Surname Chairperson of the Audit and Risk Committee</p> <p> Signature</p>	<p>Date of Approval: <u>16/10/2024</u></p>
<p><u>T Dhlamini</u> Name &amp; Surname Chairperson of the Board</p> <p> Signature</p>	<p>Date of Approval: <u>18/10/2024</u></p>
<p><u>M1076151</u> <u>M196280</u> Name &amp; Surname Member of Mayoral Committee</p> <p> Signature</p>	<p>Date of Approval: <u>23/10/24</u></p>

## ABBREVIATIONS

<b>AFS</b>	Annual Financial Statement	<b>IT</b>	Information Technology
<b>AG</b>	Auditor General	<b>JBCC</b>	Joint Building Contracts Committee
<b>AGM</b>	Annual General Meeting	<b>JOSHCO</b>	Johannesburg Social Housing Company
<b>ARC</b>	Audit & Risk Committee	<b>JPC</b>	Johannesburg Property Company
<b>BA</b>	Bachelor of Arts	<b>JRA</b>	Johannesburg Roads Agency
<b>BCom</b>	Bachelor of Commerce	<b>KPA</b>	Key Performance Area
<b>BI</b>	Business Intelligence	<b>KPI</b>	Key Performance Indicator
<b>BMC</b>	Building Maintenance Company	<b>LAN</b>	Local Area Network
<b>BSc</b>	Bachelor of Science	<b>LLB</b>	Bachelor of Law
<b>CAPEX</b>	Capital Expenditure	<b>LLF</b>	Local Labour Forum
<b>CA (SA)</b>	Chartered Accountant (South Africa)	<b>MFMA</b>	Municipal Finance Management Act
<b>CBD</b>	Central Business District	<b>MMC</b>	Member of the Mayoral Committee
<b>CCG</b>	Consolidated Capital Grant	<b>MOE</b>	Municipal Owned Entity
<b>CI</b>	Corporate Identity	<b>Mol</b>	Memorandum of Incorporation
<b>CoC</b>	Certification of Compliance	<b>MSA</b>	Municipal Systems Act
<b>CoJ</b>	City of Johannesburg	<b>MTC</b>	Metropolitan Trading Company
<b>COSEC</b>	Company Secretary	<b>MVA</b>	Motor Vehicle Accident
<b>CRM</b>	Customer Relationship Management	<b>NAT</b>	Network Address Translation
<b>CSI</b>	Corporate Social Investment	<b>NSFAS</b>	National Student Financial Aid Scheme
<b>DBSA</b>	Development Bank of Southern Africa	<b>OC</b>	Occupation Certificate
<b>DMZ</b>	Demilitarized Zone	<b>OHS</b>	Occupational Health and Safety
<b>EDMS</b>	Electronic Data Management System	<b>OPEX</b>	Operating Expenditure
<b>EE</b>	Employment Equity	<b>PMU</b>	Project Management Unit
<b>EEA</b>	Employment Equity Act	<b>POPIA</b>	Protection of Personal Information Act
<b>EIA</b>	Environmental Impact Assessment	<b>PWD</b>	People with Disability
<b>EISD</b>	Environment and Infrastructure Services Department	<b>SALGBC</b>	South African Local Bargaining Council
<b>EMT</b>	Executive Management Team	<b>SCM</b>	Supply Chain Management
<b>EPWP</b>	Expanded Public Works Programme	<b>SD</b>	Skills Development
<b>ESS</b>	Employee Self Service	<b>SDA</b>	Service Delivery Agreement
<b>FMDC</b>	Fully Managed Data Centre	<b>SEHRC</b>	Social, Ethics & Human Resource Committee
<b>FY</b>	Financial Year	<b>SHRA</b>	Social Housing Regulatory Authority
<b>GBV</b>	Gender-Based Violence	<b>SLA</b>	Service Level Agreement
<b>GDS</b>	Growth and Development Strategy 2040	<b>SLS</b>	Service Level Standard
<b>GFIS</b>	Group Forensics and Investigation Services	<b>SMME</b>	Small, Medium and Micro Enterprise
<b>GHS</b>	Global Household Survey	<b>SOP</b>	Standard Operating Procedure
<b>GLU</b>	Government of Local Unity	<b>TBC</b>	To Be Confirmed
<b>ICAS</b>	Independent Counselling and Advisory Services	<b>TOD</b>	Transit Oriented Development
<b>ICT</b>	Information and Communications Technology	<b>TP</b>	Third Party
<b>IOD</b>	Injury on Duty	<b>UIFW</b>	Unauthorised, Irregular, Fruitless and Wasteful
<b>ISP</b>	Internet Service Provider	<b>UPS</b>	Uninterruptible Power Supply
		<b>WIP</b>	Work in Progress

## TABLE OF CONTENTS

<b>CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE</b> .....	<b>6</b>
SECTION 1: CHAIRPERSON'S FOREWARD .....	7
SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT .....	9
SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT .....	11
SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY .....	13
SECTION 5: STRATEGIC OBJECTIVES .....	13
<b>CHAPTER TWO: GOVERNANCE</b> .....	<b>17</b>
SECTION 1: BOARD OF DIRECTORS .....	18
SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE .....	29
SECTION 3: RISK MANAGEMENT .....	30
SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATIONS.....	34
SECTION 5: ICT GOVERNANCE .....	36
SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS .....	38
<b>CHAPTER THREE: SERVICE DELIVERY PERFORMANCE</b> .....	<b>43</b>
SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS.....	44
SECTION 2: SERVICE DELIVERY CHALLENGES.....	44
SECTION 3: RESPONSE TO STRATEGIC DIRECTION AS AT 30 SEPTEMBER 2024 .....	44
SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS .....	45
SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	46
<b>CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT</b> .....	<b>66</b>
SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES) .....	67
SECTION 2: KEY VACANCIES .....	67
SECTION 3: EMPLOYMENT EQUITY .....	70
SECTION 4: SKILLS DEVELOPMENT AND TRAINING .....	71
SECTION 5: PERFORMANCE MANAGEMENT .....	72
SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES .....	73
SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT .....	74
SECTION 8: EMPLOYEE BENEFITS .....	75
SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES.....	76
<b>CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE</b> .....	<b>80</b>
SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES .....	81
SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES.....	82
SECTION 3: CASH FLOW STATEMENT .....	86
SECTION 4: CAPITAL PROJECTS AND EXPENDITURE .....	86
SECTION 5: RATIO ANALYSIS.....	87
SECTION 6: SUPPLY CHAIN MANAGEMENT AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT.....	90
SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES.....	94
SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES .....	102
<b>CHAPTER 6: INTERNAL AUDIT</b> .....	<b>105</b>
SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN .....	106
SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS .....	107
SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS .....	107
SECTION 4: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS).....	107



1

LEADERSHIP AND CORPORATE PROFILE



## **SECTION 1: CHAIRPERSON'S FOREWARD**

It is with great pride and a sense of responsibility that I present the Johannesburg Social Housing Company (JOSHCO) Quarterly Performance Report for the first quarter of the 2024/25 financial year. This report reflects our unwavering commitment to providing affordable and quality housing solutions to the residents of Johannesburg, particularly those from low-income households.

### **Strategic Achievements and Challenges**

During this quarter, JOSHCO has made significant strides in advancing our strategic objectives. We have maintained an impressive occupancy rate of 98% across our rental stock, demonstrating our efficiency in property management and tenant retention. Our Housing Development projects are progressing well, with 556 housing units above 80% completion, which will soon provide much-needed homes to our community. However, we continue to face challenges, particularly in rental collection and financial sustainability. The collection rate for current tenant rentals stands at 61%, which is below our target. We are actively implementing strategies to improve this, including targeted evictions, interest reversals, and enhanced tenant engagement programs.

### **Financial Performance**

Our financial performance for the quarter shows a deficit of R81.7 million. This is primarily due to high operating costs, including utilities, repairs and maintenance, and finance costs. We are addressing these issues through various cost-cutting measures and by seeking additional revenue streams. Our capital expenditure for the quarter is at 25% against a target of 25%, reflecting our cautious approach to spending amidst financial constraints.

### **Governance and Risk Management**

JOSHCO remains committed to upholding the highest standards of governance and risk management. Our Board of Directors and various committees continue to provide robust oversight and strategic direction. We have also made significant progress in resolving internal audit findings and enhancing our risk management frameworks.

### **Community Development and Employee Welfare**

Our community development initiatives have been impactful, with 321 EPWP work opportunities created this quarter, surpassing our target of 250. We have also strengthened our partnerships with various organizations to provide training and support to our tenants. Additionally, we are committed to the well-being of our employees, as evidenced by our comprehensive wellness programs and ongoing skills development initiatives.

### **Looking Ahead**

As we move forward, our focus will remain on improving financial sustainability, enhancing service delivery, and expanding our housing portfolio. We are confident that with the continued support of our stakeholders, we will overcome our challenges and achieve our strategic goals.

I extend my heartfelt gratitude to the Board, management, staff, and all stakeholders for their dedication and hard work. Together, we are making a tangible difference in the lives of many Johannesburg residents.

**Mr. Theodore Zithulele Dhlamini**

Chairperson of the Board

Johannesburg Social Housing Company (JOSHCO)



## **SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT**

The first quarter of the 2024/25 financial year has been a period of significant activity and progress for the Johannesburg Social Housing Company (JOSHCO). Despite facing numerous challenges, we have made substantial strides in our mission to provide affordable social housing and improve the living conditions of our tenants. This report outlines our key achievements, challenges, and strategic direction for the future.

### **Operational Performance:**

#### **Housing Development and Management**

During this quarter, we have made notable progress in our housing development projects. A total of 556 housing units are at above 80% completion stage. Our occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above. This high occupancy rate reflects our commitment to providing quality housing and maintaining tenant satisfaction.

#### **Service Delivery**

We have achieved all seven-service level standard KPIs for the quarter. These include maintaining accurate billing, timely maintenance responses, and effective communication with tenants. However, we continue to face challenges with low rental collection rates and insufficient allocation of funds by the City, which impacts our ability to pay invoices on time.

#### **Financial Performance**

Our overall revenue is below budget due to lower-than-expected management fees and other income streams. Expenditure has exceeded budget in several areas, including repairs and maintenance, security, and utilities. This has resulted in a deficit of R81.7 million for the quarter. Our rental collection for the quarter sits at 61% which is a metrics, we are hopeful we will improve in the next quarter.

#### **Risk Management**

We have identified and are actively managing several key risks, including financial sustainability, project delivery delays, and safety and security incidents at our facilities. Our risk management strategies include improving revenue collection, securing additional funding, and enhancing safety measures at our properties.

#### **Human Resources and Organizational Management**

Our focus on employee development and well-being continues to be a priority. We have implemented various training programs and wellness initiatives to support our staff. However, we are also addressing key vacancies and managing disciplinary matters to ensure a productive and motivated workforce.

## **Strategic Direction**

Looking ahead, our strategic objectives remain focused on being a smart and capable entity, developing and managing social and affordable rental housing, and ensuring financial sustainability. We are committed to continuous improvement in our service delivery, operational efficiency, and stakeholder engagement.

In conclusion, while the first quarter of the 2024/25 financial year has presented challenges, it has also been a period of significant progress and achievement for JOSHCO. We remain committed to our mission of providing affordable social housing and improving the quality of life for our tenants. I would like to thank our Board, management team, and staff for their dedication and hard work. Together, we will continue to build on our successes and address our challenges to achieve our strategic goals.

### **Ms. Nokwazi Mtshali**

Chief Executive Officer (Acting)

Johannesburg Social Housing Company (JOSHCO)

## SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT

The Office of the Chief Financial Officer is responsible and accountable for 3 functional areas of operation namely the revenue, supply chain management and finance divisions. Through the operation of these divisions, we served to integrate the entity's business.

### Revenue Report

Total revenue earned (i.e. all revenue line items accrued for and billed) is slightly above budget by R912 000. The biggest contributor to revenue earned in the current financial year is rental income, making up 45% of total revenue earned. Rental income billed to all tenants is 14% over budget due to tenant allocation of projects that was higher than projected because of the use of JOSHCO APP. i.e. Ekhaya Gardens, Riverside View and Lufhereng. Management fees have decreased by 74% due to no new work being done on behalf of other CoJ departments because of non-payment and issues with the Service Delivery Agreement not allowing JOSHCO to be an implementing agent for any of the CoJ departments except the Department of Human Settlements. The interest income charged on overdue rental debtors is above budget by 38% due to the high levels of long outstanding and historic debt from tenants.

The rental collection rate, which is a comparison between the rental revenue billed and the actual cash received for the revenue billed resulted in a rate of 61% for current tenant rentals for the 1st Quarter of 2024.25 FY ending on 30 September 2024 as shown in **Table 38** below. Collection rate in respect of SHRA funded Projects is 66%, JOSHCO Projects is 77%, and City Stock at 29%, whilst the Retail space is at 96%. The collection rate excluding city referral stock is 70%.

The collection rate for rental revenue billed has decreased when compared to the previous quarter from 69% to 61%.

The reasons for the rental collection being below the target is continued rent boycott campaigns from organised tenants' groups demanding ownership, child-headed households, unemployment, and pensioners. The city referral stock portfolio brings the collection down and the board has approved for the return of city referral stock to the City. CoJ Council has approved transfer of this stock to CoJ Department of Human Settlements during the Council meeting held 30-31 July 2024.

### Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 September 2024 resulted in a deficit of R102, 253 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget. The reasons and mitigations are addressed in Chapter 5.

### CAPEX Expenditure

JOSHCO's verified spend for the quarter under review is R68, 843 million, which is 25% of the total CAPEX budget approved, and is also the target for JOSHCO for Q1.

**Mr Musa Nkosi**  
**Acting Chief Financial Officer**

#### **SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY**

The Johannesburg Social Housing Company (JOSHCO) was established by the City of Johannesburg (CoJ) in November 2003 to provide affordable social housing options and reduce the City's housing backlog. JOSHCO is responsible for managing and providing social and affordable rental housing for households of various income levels, with a particular focus on low-income households. The entity is also responsible for the maintenance, refurbishment, and management of some of the City-owned rental housing stock, as well as the provision of municipal services. JOSHCO is a registered social housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The entity is required to comply with all relevant legislation, including the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA), and Companies Act. The policies and strategies of JOSHCO reflect the vision of the CoJ, as outlined in its long-term plans.

#### **SECTION 5: STRATEGIC OBJECTIVES**

JOSHCO's primary and singular mission derives from its Memorandum of Incorporation (MoI) with the City. Therefore, in remaining true to its purpose for establishment, the JOSHCO's business and operating model is anchored around the following strategic objectives:

1. To be a smart and capable entity.
2. Develop and manage social housing (regulated) and student accommodation.
3. Develop and manage affordable rental housing (non-regulated).

**Table 1: Alignment Between Growth and Development Strategy 2040 (GDS), Government of Local Unity (GLU) Objectives, Mayoral Priorities, and JOSHCO's Strategic Objectives and Outcomes**

GDS Outcomes	GDS Outputs	GLU Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	<ul style="list-style-type: none"> <li>• Sustainable human settlements</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable human settlements</li> </ul>	1. Sustainable service delivery	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement of all Service Level Standards (SLS), as per Service Delivery Agreement (SDA)</li> <li>• Well maintained and clean JOSHCO properties</li> <li>• Alignment with SHRA's requirements, as regulator</li> </ul>
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	<ul style="list-style-type: none"> <li>• Job-intensive economic growth</li> <li>• Promotion and support to informal and micro-businesses</li> <li>• Increased competitiveness of the economy</li> <li>• A 'Smart' CoJ, that is able to deliver quality services to citizens in an efficient and reliable manner (cross-cutting output)</li> </ul>	<ul style="list-style-type: none"> <li>• Job-intensive economic growth</li> <li>• Promotion and support to informal and micro-businesses</li> <li>• Increased competitiveness of the economy</li> </ul>	2. Job opportunity & creation	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• Upliftment of communities through provision of financial and non-financial support to local SMMEs on construction projects</li> <li>• Skills development and job creation through Expanded Public Works Programme (EPWP)</li> </ul>
	<ul style="list-style-type: none"> <li>• A 'Smart' CoJ, that is able to deliver quality services to citizens in an efficient and reliable manner</li> </ul>	<ul style="list-style-type: none"> <li>• A 'Smart' CoJ, that is able to deliver quality services to citizens in an efficient and reliable manner.</li> <li>• A responsive,</li> </ul>	3. A Smart City	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (including alternative energy solutions and rainwater harvesting)</li> </ul>



GDS Outcomes	GDS Outputs	GLU Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
	(cross cutting output)	<p>accountable, efficient and productive metropolitan government</p> <ul style="list-style-type: none"> <li>• Meaningful citizen participation and empowerment</li> <li>• Guaranteed customer and citizen care and service</li> </ul>			<ul style="list-style-type: none"> <li>• Improved application and leasing processes supported by automation of processes</li> <li>• Seamless business continuity supported, through effective backup and disaster recovery systems</li> </ul>
Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	<ul style="list-style-type: none"> <li>• Sustainable human settlements</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable human settlements</li> </ul>	4. Sustainable service delivery	<ul style="list-style-type: none"> <li>• Develop &amp; manage social housing and student accommodation</li> <li>• Develop &amp; manage affordable rental housing</li> <li>• Implement housing development projects for the CoJ</li> <li>• Provide assigned municipal services</li> </ul>	<ul style="list-style-type: none"> <li>• Large scale delivery of social housing and affordable housing units across the City</li> <li>• Development of student accommodation precinct</li> <li>• Preserved and well-maintained buildings that meet acceptable living conditions</li> </ul>

GDS Outcomes	GDS Outputs	GLU Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<p>A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region</p>	<ul style="list-style-type: none"> <li>• A responsive, accountable, efficient, and productive metropolitan government</li> <li>• Financially sustainable and resilient city</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships, intergovernmental and international relations</li> <li>• A responsive, accountable, efficient and productive metropolitan government</li> <li>• Financially sustainable and resilient city</li> <li>• Meaningful citizen participation and empowerment</li> <li>• Guaranteed customer and citizen care and service</li> </ul>	<p>5. Financial sustainability</p>	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• A solvent company by end of 2024/25 FY</li> <li>• Improved revenue collection</li> <li>• Diversification of revenue stream (outdoor advertising, management fee, other mechanisms)</li> <li>• An unqualified Audit Opinion</li> <li>• Sound reputation in terms of payment of suppliers within 30 days</li> <li>• Effective and efficient business processes</li> <li>• Improved tenant satisfaction, through proactive tenant education and engagement programmes</li> <li>• Customer satisfaction targets achieved and improved</li> <li>• Improved visibility of JOSHCO brand</li> </ul>



# CHAPTER

# 2

GOVERNANCE

## SECTION 1: BOARD OF DIRECTORS

The establishment of the Board of Directors is guided by Clause 6 of the entity's memorandum of incorporation (MOI) which states that the directors shall be appointed in accordance with the City Group Policy as provided for in the City Group Governance Framework or any other policy as determined by the City from time to time. Furthermore, Section 66 of the Companies Act provides that the business and affairs of a company must be managed by or under the direction of its board, which has the authority to exercise all of the powers and perform any of the functions of the company, except to the extent that this Act or the company's Memorandum of Incorporation provides otherwise.

The shareholder retains the prerogative to appoint Boards of all City entities through a resolution of the Annual General Meeting (AGM). On 31 July 2024, the Annual General meeting of the Shareholder was convened and a new Board of Directors of JOSHCO which is presided over by a Non-Executive Director (Chairperson), Mr Theodore Zithulele Dhlamini was appointed.

Table 2 below lists the eleven Non-Executive Directors, two Executive Directors and three Independent Audit Committee members.

**Table 2: Board Composition as at 30 September 2024.**

Members	Capacity	Gender	Status	Qualifications
Mr Henry Jerry Markus	Non-Executive Director	M	Retired on 31 July 2024	Certificate in Public Relations Practice - PRISA Certificate in Small Business Management - WITS Certificate Bookkeeping – WITS Certificate in Customer Service – Prime Learning South Africa Diploma in Pastoral Theology – Nazarene Theological Seminary Graduate Diploma of Christian Ministry & Theology – Vision Intl. College
Mr Ingle Singh <b>*Appointed on 25 August 2023</b>	Non-Executive Director	M	Retired on 31 July 2024	Certificate in Bookkeeping Introduction to Municipal Councillor 2011
Mr Makhate Shane Nqakalatsane Board Chairperson <b>*Appointed on 25 August 2023</b>	Non-Executive Director	M	Retired on 31 July 2024	Diploma in Financial Accounting PFMA BCom in Project Management (in Progress)
Mr Simon Clarke <b>*Appointed on 01 March 2023</b>	Non-Executive Director	M	Retired on 31 July 2024	BA degree in Psychology

Ms Yolandi Eramsus <b>*Appointed on 01 March 2023</b>	Non-Executive Director	F	Retired on 31 July 2024	LLB
Mr Simon Masemola <b>*Appointed on 01 March 2023</b>	Non-Executive Director	M	Retired on 31 July 2024	Bachelor of Commerce, Certificate in Business Accounting
Mr Tabane Manene <b>*Appointed on 01 March 2023</b>	Non-Executive Director	M	Retired on 31 July 2024	Diploma in Local Government, National Diploma in Law, Programme in Customer Service
Mr Andries Smith <b>*Appointed on 01 March 2023</b>	Non-Executive Director	M	Retired on 31 July 2024	Bachelor Of Laws
Mr Terry Tselane <b>*Appointed on 01 March 2023</b>	Non-Executive Director	M	Retired on 31 July 2024	Bachelor of Arts in Industrial Sociology
Ms Simphiwe Mnisi <b>*Appointed on 01 March 2023</b>	Non-Executive Director	F	Retired on 31 July 2024	Diploma in Project Management
Ms Jacelyn Scott <b>*Appointed on 01 March 2023</b>	Non-Executive Director	F	Retired on 31 July 2024	National Senior Certificate (Matric) Bcom Management Bcom Honours (Candidate)
Mr Theodore Dhlamini <b>*Appointed on 31 July 2024</b>	Non-Executive Director	M	Active	Post Graduate Diploma in Management.
Mr Zamikhaya Wauthus Xalisa <b>*Appointed on 31 July 2024</b>	Non-Executive Director	M	Active	Masters in Sustainable Agriculture (MSA) Masters in Business Administration (MBA)
Mr Albert Baloyi <b>*Appointed on 31 July 2024</b>	Non-Executive Director	M	Active	Bcom Accounting
Mr Lawrence Mduduzi Ndlovu <b>*Appointed on 31 July 2024</b>	Non-Executive Director	M	Active	Bachelor of Art in Philosophy Bachelor of Divinity Master of Theology Being a Director 1 – Short Course The Governance of Ethics – Short Course
Mr Ntokozo Mjiyako <b>*Appointed on 31 July 2024</b>	Non-Executive Director	M	Active	LLB PDM-S MPhil
Ms Bayiphiwe Simelane <b>*Appointed on 31 July 2024</b>	Non-Executive Director	F	Active	Diploma in Public Relations and Communication
Ms Thandeka Tshabalala <b>*Appointed on 31 July 2024</b>	Non-Executive Director	F	Active	BCom Accounting Post Grad in Financial Planning



Mr Musa Shibambu *Appointed on 31 July 2024	Non-Executive Director	M	Active	Master of Philosophy in International Business
Ms Tabisa Poswa *Appointed on 31 July 2024	Non-Executive Director	F	Active	Baccalaureus Juris Baccalaureus Legum – LLB
Mr Jason Sobekwa *Appointed on 31 July 2024	Non-Executive Director	M	Active	Bachelor of Accounting Post Graduate Diploma- Financial Management MBA ACMA, CGMA (CIMA)
Mr Thulani Alfred Mdadane *Appointed on 31 July 2024	Non-Executive Director	M	Active	MBA MSC M.Phil PHD
Mr Molapane Mothotoana	Executive Director (CEO)	M	Active Seconded to GICT on 2 April 2024)	N. Diploma Municipal Administration, B Tech. Public Management, M Tech. Public Management
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Contract ended 17 September 2024	CA (SA)
Mr Thedi Moropa	Executive Director	M	Secondment ended 5 August 2024	MBA Post Graduate Diploma in Business Management Bcom Economics
Mr Musa Nkosi		M	Active (Appointed as acting CFO on 18 September 2024)	Postgraduate Diploma in Accounting Sciences Bachelor of Accounting Science (WITS)
Ms Nokwazi Mtshali		F	(Appointed as acting CEO on 26 August 2024)	Bachelor of Arts Degree in Media and Communication Postgraduate Diploma in Management in the field of Public and Development Sector Monitoring and Evaluation Certificate in Municipal Financial Management
Independent Audit Members				

Adv Geraldene Chaplog-Louw <b>*Appointed on 01 March 2023</b>	Independent Audit Committee Member	F	Retired on 31 July 2024	LLB BA PPEL (Philosophy, Political Science, Economics, Law) Diploma Corporate Governance Associate General Accountant (SAICA) ACG/ACIS Associated Chartered Governance/Chartered Secretary
Mr Victor van der Merwe <b>*Appointed on 01 March 2023</b>	Independent Audit Committee Member	M	Retired on 31 July 2024	National Certificate in Insurance
Mr Daniel Nyamazane <b>*Appointed on 16 January 2024</b>	Independent Audit Committee Member	M	Retired on 31 July 2024	Bachelor of Commerce.
Ms Alvarno ARN Francis <b>*Appointed on 16 January 2024</b>	Independent Audit Committee Member	F	Retired on 31 July 2024	Bachelor of Commerce in Economics and International Trade.
Mr Obed Thenga	Independent Audit Committee Member	M	Active	BCom Honours
Mr Steven Piet Ngobeni	Independent Audit Committee Member	M	Active	National Diploma (Town/Urban and Regional Planning) Btech degree (Town/Urban and Regional Planning) MA (Development Studies) MSc (Built Environment) MPA (Public and Development Management) LLM (International Business) PhD (Real Estate)
Ms Thulisile Mfusi	Independent Audit Committee Member	F	Active	Honours Degree in Accounting Science

## 1.1. DUTIES OF THE BOARD AND COMMITTEES

### 1.1.1 Board Responsibilities

Internally the Board is guided by its approved Board Charter which was last reviewed in April 2022. The charter outlines the roles and responsibilities of the board as informed by the Municipal Systems Act, Companies Act, MOI and King IV report. The responsibilities include, amongst others:

- Acting as the focal point for, and custodian of corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company according to sound corporate governance principles.
- Appreciating that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
  - Contributing to and approving the strategy
  - Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management
  - Identifying key performance and risk areas
  - Ensuring that the strategy will result in sustainable outcomes
  - Considering sustainability as a business opportunity that guides strategy formulation
- Providing effective leadership on an ethical foundation.
- Ensuring that the company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the company but also the impact that business operations have on the environment and the society within which it operates.
- Ensuring that the company's ethics are managed effectively.
- Acting in the best interests of the company by ensuring that individual directors:
  - Adhere to legal standards of conduct
  - Are permitted to take independent advice in connection with their duties following an agreed procedure.
  - Disclose real or perceived conflicts to the board and deal with them accordingly
- Ensure that the company has an effective and independent Audit Committee
- Take responsibility for the governance of risk
- Take responsibility for information technology (IT) governance
- Ensure that the company complies with applicable laws and considers adherence to non-binding rules and standards
- Ensure that there is an effective risk-based internal audit
- Appreciate that stakeholder's perceptions affect the company's reputation
- Ensure the integrity of the company's Integrated Report (Annual Report).

### **1.1.2 Responsibilities of the Board Committees**

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

- Audit & Risk Committee
- Social, Ethics & Human Resource Committee; and
- Development Committee

The Audit & Risk Committee is a statutory committee which has been formed in line with the Companies Act 71 of 2008 and the Local Government Municipal Finance Management Act 56 of 2003.

#### **1.1.2.1 Audit & Risk Committee**

The Audit & Risk Committee's composition complies with the Local Government: Municipal Finance Management Act 56 of 2003.

The Committee consist of the following members:

**Audit & Risk Committee as at 30 September 2024**

*Mr Tau Masemola	Non-Executive Director (Chairperson)
*Ms Yolandi Erasmus	Non-Executive Director
*Mr Shane Nqakalatsane	Non-Executive Director
*Ms Jacely Scott	Non-Executive Director
*Ms Geraldine Chaplog-Louw	Independent Audit Committee Member
*Mr Daniel Nyamazane	Independent Audit Committee Member
*Mr Alvarno ARN Francis	Independent Audit Committee Member
Mr Jason Sobekwa	Non-Executive Director (Chairperson)
Mr Albert Baloyi	Non-Executive Director
Mr Obed Thenga	Independent Audit Committee Member
Ms Thulisile Mfusi	Independent Audit Committee Member
Dr Piet Ngobeni	Independent Audit Committee Member

**\*Retired on 31 July 2024**

The mandate of the Committee as delegated by the Board of Directors in the Audit & Risk Charter includes:

- Financial reporting and reliability of financial information.
- Business planning and budget implementation.
- Identification of financial, business and operational risk areas of the company to be covered in the scope of internal and external audits.
- Ensuring that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship of the company with the Auditor General of South Africa.
- Reviewing the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg.
- Reviewing the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible wrongdoing or improprieties in financial reporting and other matters.
- Monitoring and review of the performance information provided by the company against the approved business plan, the City's Integrated Development Plan and the Growth and Development Strategy and providing the Board of Directors with an authoritative and credible view of the performance of the company.
- Monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes.

- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.
- Ensuring that risk management assessments are performed on a continuous basis.
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Expressing a formal opinion on the effectiveness of the system and process of risk management; and
- Reviewing reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

### 1.1.2.2 Social, Ethics & Human Resource Committee

The Committee consists of the following members: -

#### Social, Ethics & HR Committee as at 30 September 2024

*Ms Yolandi Erasmus	Non-Executive Director (Chairperson)
*Mr Tau Masemola	Non-Executive Director
*Ms Simphiwe Mnisi	Non-Executive Director
*Ms Jacelyn Scott	Non-Executive Director
*Mr Andre Smith	Non-Executive Director
*Mr Terry Tselane	Non-Executive Director
Mr Lawrence Mduduzi Ndlovu	Non-Executive Director (Chairperson)
Bayiphiwe Simelane	Non-Executive Director
Tabisa Poswa	Non-Executive Director
Zamikhaya Xalisa	Non-Executive Director
Thandeka Tshabalala	Non-Executive Director

\*Retired on 31 July 2024

The mandate of the Committee is set out in its terms of reference and includes the following:

- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consideration of the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.



- Selection of an appropriate comparative source when comparing remuneration levels.
- Advising on the remuneration of non-executive directors.
- Management development and succession plans for executive levels.
- Making recommendations to the Board where necessary or taking approved action within its delegated authority. Social and economic development, including the organisation’s standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.
- To draw matters to the attention of the Board as required, and
- To report to the Shareholder at the AGM on matters within its mandate.

### 1.1.2.3 Development Committee

The Committee consists of the following members:

#### Development Committee as at 30 September 2024

*Mr Simon Clarke	Non-Executive Director (Chairperson)
*Mr Henry Markus	Non-Executive Director
*Mr Manene Tabane	Non-Executive Director
*Mr Ingle Singh	Non-Executive Director
Adv Ntokozo Mjiyako	Non-Executive Director (Chairperson)
Dr Thulani Mdadane	Non-Executive Director
Musa Shibambu	Non-Executive Director
Mr Theodore Zithulele Dhlamini	Non-Executive Director

\*Retired on 31 July 2024

The mandate of the Committee is set out in its terms of reference and includes the following:

- To approve new developments, report on the detailed investigation stage and to give approval to proceed with the development, i.e., Design and Business Plan development stage.
- To provide recommendations to the Board regarding the approval of new engagements in developments where appropriate.
- To evaluate proposed financing mechanisms where external financing is required; and
- To set benchmarks to be used to evaluate the risk/return relationship on significant projects to be undertaken by the Company.

## 1.2 BOARD AND COMMITTEE MEETING ATTENDANCES

### 1.2.1 BOARD AND COMMITTEE MEETINGS ATTENDANCES

- a) The Board held one **(1)** ordinary meeting in Q1 of 2024/25 FY (Ordinary Board Meeting – 22 July 2024) and Three **(3)** Special Meetings held on 7 August 2024, 30 August 2024 and 26 September 2024.
- b) The Audit and Risk committee held one **(1)** ARC meeting (Ordinary ARC meeting 17 July 2024) and **one (1)** Special meeting held on 29 August 2024.
- c) The Social, Ethics and Human Resource Committee held one **(1)** Meeting (Ordinary Social, Ethics and Human Resource Meeting – 16 July 2024) and one **(1)** Special Meeting held on 26 September 2024.
- d) The Development Committee held one **(1)** meeting (Ordinary Development Committee Meeting – 16 July 2024).

The table below provides details of the attendance of members at the various meetings.

**Table 3: Board Meeting attendances as at 30 September 2024**

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
<b>Number of Meetings</b>	<b>4</b>		
*Mr Simon Clarke	1	0	0
*Ms Yolandi Erasmus	1	0	0
*Mr Tau Masemola	1	0	0
*Mr Tabane Manene	1	0	0
*Ms Simphiwe Mnisi	1	0	0
*Mr Henry Markus	1	0	0
*Mr Makhate Shane Nqakalatsane	1	0	0
*Mr Ingle Singh	1	0	0
*Ms Jacelyn Scott	1	0	0
*Mr Andre Smith	1	0	0
*Mr Terry Tselane	1	0	0
Mr Molapane Mothotoana	0	0	0
**Ms Nontobeko Ndimande	2	0	0
***Mr Thedi Moropa	1	0	0
Mr Theodore Dhlamini	4	0	0
Mr Zamikhaya Wauthus Xalisa	4	0	0
Mr Albert Baloyi	4	0	0
Mr Lawrence Mduduzi Ndlovu	4	0	0
Mr Ntokozo Mjiyako	3	1	0
Ms Bayiphiwe Simelane	4	0	0
Ms Thandeka Tshabalala	4	0	0
Mr Musa Shibambu	4	0	0
Ms Tabisa Poswa	4	0	0
Mr Jason Sobekwa	4	0	0
Dr Thulani Alfred Mdadane	1	0	3
****Ms Nokwazi Mtshali	2	0	0
*****Musa Nkosi	0	0	0

\*Retired on 31 July 2024

\*\* Contract ended on 17 September 2024

\*\*\*Secondment ended 6 August 2024

### 1.3 REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors, and Independent Audit Committees of 2021 FY. Remuneration reflects figures from the Q1 of the FY 2024/25.

**Table 4: Board of Directors Remuneration as at 30 September 2024**

Name	Designation	Remuneration
Mr Makhate Shane Nqakalatsane	Non-Executive Director	*R40 000.00
Mr Simon Clarke	Non-Executive Director	*R46 000.00
Ms Yolandi Erasmus	Non-Executive Director	R30 000.00
Mr Tau Masemola	Non-Executive Director	R30 000.00
Mr Tabane Manene	Non-Executive Director	R20 000.00
Ms Simphiwe Mnisi	Non-Executive Director	R20 000.00
Mr Henry Markus	Non-Executive Director	R20 000.00
Mr Ingle Singh	Non-Executive Director	R20 000.00
Ms Jacelyn Scott	Non-Executive Director	*R52 000.00
Mr Andre Smith	Non-Executive Director	R20 000.00
Mr Terry Tselane	Non-Executive Director	R20 000.00
Mr Theodore Dhlamini	Non-Executive Director	*R48 000.00
Mr Zamikhaya Wauthus Xalisa	Non-Executive Director	R44 000.00
Mr Albert Baloyi	Non-Executive Director	-
Mr Lawrence Mduduzi Ndlovu	Non-Executive Director	R44 000.00
Mr Ntokozo Mjiyako	Non-Executive Director	R36 000.00
Ms Baiphiwe Simelane	Non-Executive Director	R44 000.00
Ms Thandeka Tshabalala	Non-Executive Director	-
Mr Musa Shibambu	Non-Executive Director	R36 000.00
Ms Tabisa Poswa	Non-Executive Director	-
Mr Jason Sobekwa	Non-Executive Director	*R62 000.00
Mr Thulani Alfred Mdadane	Non-Executive Director	R24 000.00
<b>Total</b>		<b>R656 000.00</b>

\*fees include ARC sittings, Group Committee and Strategic Planning Sessions

**Table 5: Independent Audit and Risk Committee members' remuneration as at 30 September 2024.**

Name	Designation	Remuneration
Adv Geraldine Chaplog-Louw	Independent Audit Member	R8 000.00
Mr Daniel Nyamazane	Independent Audit Member	R8 000.00
Mr Victor Van Der Merwe	Independent Audit Member	R8 000.00
Mr Alvarno ARN Francis	Independent Audit Member	R8 000.00
Mr Obed Thenga	Independent Audit Member	R8 000.00
Mr Steven Piet Ngobeni	Independent Audit Member	R8 000.00
Ms Thulisile Mfusi	Independent Audit Member	R8 000.00
<b>Total</b>		<b>R56 000.00</b>

**Table 6: Executive Management remuneration as at 30 September 2024.**

Name	Designation	Remuneration
Mr Molapane Mothoana	Chief Executive Officer	R 648 003,52
Ms Nontobeko Ndimande	Chief Financial Officer	R 559 475,18
Ms Nokwazi Mtshali	EM: Planning & Strategy	R 647 542,87

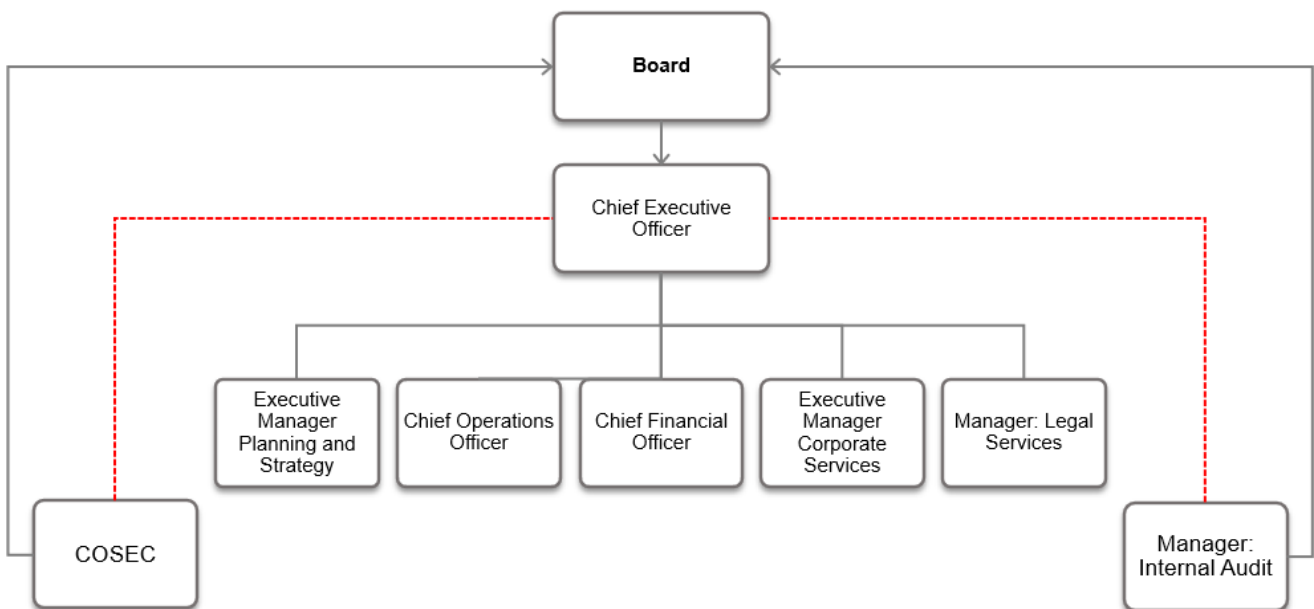
Name	Designation	Remuneration
Ms Madonna Rangaka	Company Secretary	R 243 345,24
<b>Total</b>		<b>R 2 098 366,81</b>

#### 1.4 COMPANY SECRETARIAL FUNCTION

The Company Secretary has a key role to play in ensuring that Board procedures are followed and regularly reviewed. As per Section 88 of the Companies Act, a company secretary's duties include, but are not restricted to (a) providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers; (b) making the directors aware of any law relevant to or affecting the company; (c) reporting to the company's board any failure on the part of the company or a director to comply with the Memorandum of Incorporation or rules of the company or this Act; (d) ensuring that minutes of all shareholders' meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded in accordance with this Act; (e) certifying in the company's annual financial statements whether the company has filed required returns and notices in terms of this Act, and whether all such returns and notices appear to be true, correct and up to date; (f) ensuring that a copy of the company's annual financial statements is sent, in accordance with this Act, to every person who is entitled to it.

#### SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

This diagram demonstrates how the core business of JOSHCO feeds into the different divisions/departments within the organisation. JOSHCO's core business comprises of two departments namely: the Housing Development responsible for construction and development of projects; and Housing Management responsible for property management, tenanting and community development. The remaining departments are support functions such as finance, legal, planning and strategy and corporate services.



**Figure 1: High-level Organisational Structure**

**SECTION 3: RISK MANAGEMENT**

JOSHCO has established and maintains a system of risk management in accordance with Section 95 of the MFMA, Principle 11 of the King IV report on Corporate Governance, and the City’s Group Risk Management framework and Risk Management Standards as applicable. Internally the entity has a Risk Strategy and Policy which were approved in 2024. Oversight over the governance and management of risk in JOSHCO is carried out by ARC which is the statutory Committee of the Board of Directors. The Committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with the terms of reference approved by the Board.

**3.1. RISK ESCALATION METHODOLOGY**

The Group Risk Framework provides guidance on which risks should be escalated to the various governance committees within the entity and the City. Functional departments, serving as process implementers, assess the risks. Heads of departments, acting as process owners, report the risk results to both the Executive Committee and the ARC. The ARC Chairperson escalates the assessment results to the Board of Directors and to the Group Risk Committee at the City for oversight. The ARC’s role is to identify business risks that could potentially have a negative impact on both objectives and the company’s operations and advise the Board on possible mitigating strategies.

**Table 7: JOSHCO Top 5 Strategic Risks as at 30 September 2024**

		Top Five (5) Strategic Risks			
Risk No	Risk Description	Residual Risk Rating	Residual Risk Rating	Consequences	Mitigation Progress to Date
		Q4 (2023/24)	Q1 (2024/25)		
1.	Inability to continue as a going concern.	Very High	Very High	<ul style="list-style-type: none"> <li>Inability to meet organisational operational and financial obligations.</li> <li>Low collection rate.</li> <li>Inability to implement our planned operational expenditure.</li> <li>Continued deficit.</li> </ul>	<ul style="list-style-type: none"> <li>Debi check is loaded as a payment method for all new tenants.</li> <li>A service provider is appointed for outdoor marketing and advertising to increase revenue streams.</li> </ul>

				<ul style="list-style-type: none"> <li>Poor financial performance, credit risk and bad reputation.</li> <li>Cashflow challenges.</li> <li>Increased interest expenditure that is not budgeted for.</li> </ul>	
2.	Inability to deliver capital projects on time.	High	High	<ul style="list-style-type: none"> <li>Non-attainment of medium to long term project revenue as a result of limited number of social housing and affordable housing units built.</li> <li>Possible litigation by service providers for non- payment.</li> <li>Inability to fulfil service delivery standards.</li> <li>Increased projects costs.</li> <li>Project delays/stoppages.</li> </ul>	<ul style="list-style-type: none"> <li>A request for additional funding during budget adjustment period will be submitted.</li> <li>There were no contracts terminated in Q1 for non-performance.</li> <li></li> </ul>
3.	Occurrences of safety and security incidents at JOSHCO facilities.	High	Very High	<ul style="list-style-type: none"> <li>Possible injuries and fatalities.</li> <li>Possible theft.</li> <li>Financial losses due to illegal tenants not paying rent directly to JOSHCO.</li> <li>Litigations from tenants.</li> <li>Fines and penalties by the Department of Labour and Employment as well as other regulatory bodies leading to potential financial losses.</li> </ul>	<ul style="list-style-type: none"> <li>Health and Safety training was conducted for EPWP's at JOSHCO Head office on the 26 August 2024.</li> <li>Installation of biometric systems for outstanding projects has not commenced due to budget constraints.</li> </ul>
4.	Business Interruption.	High	High	<ul style="list-style-type: none"> <li>Loss of critical information/ and access to JOSHCO bank account details leading to potential financial losses.</li> <li>Non- compliance with POPIA resulting in fines, penalties and possible imprisonment.</li> <li>Inability to proactively respond to disasters and</li> </ul>	<ul style="list-style-type: none"> <li>All servers are running the latest security updates, including the backup.</li> <li>A DR test was successfully conducted on the 12<sup>th</sup> July 2024.</li> <li>Secondary link was implemented and continues to provide high</li> </ul>



				continue with JOSHCO operations. <ul style="list-style-type: none"> <li>Network connectivity unavailability.</li> </ul>	network availability.
5.	Aging infrastructure.	High	High	<ul style="list-style-type: none"> <li>High maintenance cost leading to financial loss.</li> <li>Inability to complete planned maintenance at JOSHCO projects.</li> <li>Unhappy tenants leading to reputational damage and non-payments/rental boycotts.</li> <li>Loss of life.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Maintenance Plans are in place.</li> <li>Implementation of the multiyear building conditional assessment recommendations has not commenced due to budget constraints.</li> </ul>

During the quarter under review, the Risk and Compliance department reviewed the top five risks to reflect the organisation's core business strategic risks.

### 3.2. RISK OVERSIGHT

The overall oversight role of risk management is vested with the Board of Directors in that the Board is required by Principle 11 of the King IV Report on Corporate Governance to govern risk in a way that supports the organisation in setting and achieving strategic objectives. To that end, each strategic objective is assessed to identify risks that threatens their achievement. In exercising the risk governance responsibility, the risk control implementation plans were assessed in the quarter. The table below reflects the results of the risk control strategies implemented in the quarter in aiding the achievement of objectives. Furthermore, an internal Operational Risk and Compliance Committee has continued to deliberate on the implementation of mitigation controls to ensure that the risks are managed and reduced.

The Risk and Compliance Unit within the Business Planning and Strategy Department monitors mitigation action plans aimed at managing strategic and operational risks towards acceptable residual risk levels.

The Risk and Compliance Unit engages with the respective risk owners for progress on implementation of mitigation actions on a continuous basis.

#### Residual Risk Movement

Below is the summary of the strategic residual risk rating movement assessed in Q1 for the FY 2024 – FY 2025.

One (1) risk (Occurrences of safety and security incidents at JOSHCO facilities) moved from high to very high-risk rating, this is attributed to the risk being outside the risk appetite and tolerance levels, and seven (7) risks remained unchanged.

Based on the data reflected on the strategic risk register (Annexure A), the total proportion of actions taken to manage residual risk(s) in the control environment for the quarter is (23/23) 100% compared to the quarterly target of 95% and (23/31) 74% compared to the annual target of 100%.

### **3.3. INFORMATION ON EMERGING / NEW RISKS**

Tender Mafia crimes are a significant concern in the county, impacting various aspects of society and the economy. There is a new developed syndicate called tender mafia that are organized groups that manipulates the tendering process for government contracts, often through corruption, intimidation and sometimes violence. They require tenderers to pay protection fees.

The tender mafia poses a significant risk and challenges, impacting various factors such as delays in service delivery, incomplete or abounded projects due to lack of funds for protection fees to underserving groups, here are some key points to consider when dealing with tender mafias, fraud and corruption, economic impact, violence and intimidation, erosion of trust, legal and regulatory challenges and impact on development.

Tender mafias can be combated by strengthening Anti-Fraud and Corruption Agencies, improving transparency in the tendering process and encouraging whistle blowing. It requires ongoing attention and actions from both the Government and the public.

Furthermore, to reduce the impact of the tender mafia risk, institutions should employ private security on sites, including checking that only legitimate employees are allowed access to the site, however the mitigation strategy might be costly.

Real community engagement and local procurement that yield real, tangible, benefits should be done through community. It is important that the contractors develop a level of co-operation with the community, so the community becomes the first barrier to stop these construction mafias, by refusing to do business with them. Early engagement is key. This can be through many forums, with community liaison officers often playing this role.

### **3.4 BUSINESS CONTINUITY**

As part of continuous improvement and keeping abreast with industry standards, a service provider was appointed to review the BCP and BCM Policy. The BCM Policy was tabled for approval at the Audit and Risk Committee and Board meetings respectively during July 2024.

The reviewed BCP was tested with relevant stakeholders and further presented to EXCO for final review and approval. The BCP testing was a success with minor adjustment.

The established Business Continuity Management Committee, which is chaired by the Executive Manager responsible for Business Planning and Strategy and backed by the COO, CFO, and key management team, met during the month of September, and key aspects of the approved BCP and testing were discussed in detail, as well as the Crisis Communication Plan, Emergency Evacuation Plan and the quarterly Disaster Recovery Testing Report. The committee convenes quarterly to discuss important matters related to business continuity and disaster recovery.

### **3.5 PROGRESS ON THE RISK MANAGEMENT PLAN**

The 2024/25 Risk Management Plan has been drafted and will be tabled on the Q1 Audit and Risk Committee meeting for approval. The quarterly activities as outlined on the Plan such as the undertaking risk assessment and approval of the FY 2024/25 Strategic risk register has been achieved. Refer to Annexure A.

### 3.6 MANAGEMENT OF POTENTIAL CONFLICT OF INTEREST

JOSHCO employees' complete declaration of interest forms on an annual basis to ensure that employees are transparent about their business interests outside of the organisation and that any close relatives or associates are identified to avoid conflicts between JOSHCO and the service providers that will be conducting business with. To date, 89% of JOSHCO staff have completed and submitted their annual declaration. The Housing Management team will conduct and audit and training to the staff on the importance of declaration,

### SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATIONS

The Board, Committees and Management continued to subscribe to Principle 1 of the King IV Report on Corporate Governance for South Africa 2016 that state "the governing body should lead ethically and effectively". The governing body should further continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000.

**The fraud hotline number is 0800 002 587/ email: [whistle@joburg.org.za](mailto:whistle@joburg.org.za)**

All reported fraud and corruption allegations are investigated through the GFIS unit at the City and reports that indicate progress made on the investigations are provided to JOSHCO on quarterly basis. To date a total number of four (4) open cases was reported, one (1) case has been closed during the quarter under review due to insufficient information to proceed with investigation. The below table depicts progress update provided by GFIS on all reported open cases.

**Table 8: GFIS Progress on Open Cases as at 30 September 2024**

GFIS No	Date Registered	Allegation	Status
27/08/2018	2018/04/08	Alleged Fraud and Corruption at JOSHCO.	In Progress Draft report is being finalised.
12/11/2021	2021/11/12	Alleged maladministration at JOSHCO, whereby a drama series was shot and aired on Channel 157 MOJA-LOVE, at the Roodepoort property without following the proper authorisation process of the location.	In Progress Draft report is being finalised.
39/12/2021	2021/12/15	Alleged maladministration with regards to the appointment of the ICT Manager, in which the recruitment process was marred with gross irregularities. JOSHCO management	In Progress Draft report is being finalised.

		(CEO, Executive Managers, HR Manager and Financial Manager) they are also accused of continuous malpractice, favouritism and nepotism when it comes to filing of vacancies.	
26/09/2022	2022/09/14	Alleged fraud and corruption where there are fraudulent debit orders that are deducting from JOSHCO Standard bank account. The debit orders are deducted every month in respect of MFC (Vehicle), Tekkie town (Sneakers), Virgin Active (Gym), Truworths and Sanlam.	In Progress Draft report is being finalised.

#### 4.1 ANTI FRAUD & CORRUPTION CAMPAIGN

As part of increasing awareness around Anti-Fraud and Corruption within JOSHCO' different stakeholders, the Risk Management Unit partnered with Marketing & Communication Department and Housing Management Department (Revenue and Leasing Units) created awareness around anti- fraud and scammers during the application process. The awareness session was held on the 1st and 2nd of August 2024 at Carlton Centre Mall.

Furthermore, on the 11 September 2024, the Risk Management Unit partnered with Group Forensic and Investigation Services (GFIS), Marketing & Communication Department, Housing Management Department (Leasing) and conducted an anti-fraud and corruption awareness at Riverside Project (Phase 3). There was a great turnout for both awareness sessions, they were a success. Awareness has been created as intended.

Below are few pictures taken during these awareness campaigns.



## SECTION 5: ICT GOVERNANCE

The role of the Information and Communications Technology (ICT) Department is to enable effective information management, support decision-making processes, enhance collaboration, promote innovation, and drive digital transformation. The department develops, maintains, and supports management Information Systems which encompasses the use, management, and application of various technologies to gather, process, transmit, and store information.

ICT facilitates efficient communication, enables access to vast amounts of data, and empowers JOSHCO staff to streamline processes and enhance productivity with a wide range of technologies, including computers, networks, the internet, software applications, mobile devices, and telecommunication systems.

### Disaster Recovery

JOSHCO has a Fully Managed Datacentre (FMDC) to ensure Business Continuity, and all critical services of the organization are replicated to the site, ensuring that JOSHCO Operations continue even in the event of a disaster. A scheduled quarterly Disaster Recovery Test was successfully performed on 12th July 2024.

**Table 9: Disaster Recovery Test scope of work**

No	Scope	Comment
1.	Critical Systems and Applications	1 VM was identified and tested
2.	Data Backup and Restoration	Data on the DR site matches data in Production
3.	Assessment of Recovery Time Objectives	Data verification testing conducted
4.	Network	VM's in both sites are remotely accessible
5.	Verification of Data Integrity	VM's in both sites are functioning as expected
6.	Infrastructure Components	DR site has sufficient resources
7.	Access and Authentication	Users with Admin rights performed parallel data verification

### Network Availability

The JOSHCO network remains stable. A contingency measure is in place in the form of a Secondary Network Link that supplements the MTC Primary Network Link.

### Patch Management

To ensure a healthy environment and reduce risks, JOSHCO ICT is using a cloud-based endpoint management solution called Microsoft Intune. This solution simplifies app and device management across the many devices that use the JOSHCO Server and Network Environment, such as mobile devices, laptops, and virtual endpoints.

An update ring was created to ensure updates are pushed to clients as soon as they have been made available after testing, and all JOSCHO devices are running the latest Windows Updates, resulting in a healthy environment with less possibilities of Cyber Attacks.

All servers have received the monthly patches and up to date. We have only 2 servers pending reboot, and it is scheduled for the weekend as the ICT Team is still monitoring performance issues.

All devices have received the monthly security patches, which places compliance at 90.13% of devices running the latest updates. The remaining devices are being attended by the ICT team to ensure at least 99% target.

### **Datacentre Uptime/Downtime**

JOSHCO Head Office experienced power outage on the 4th of July 2024 due to a disruption caused by the Joburg Roads Agency. While working beneath the M1 bridge, a cable was damaged, triggering a fire in the tunnels. However, ICT department was able to ensure operations continued with minimal impact, this is due to the installed UPS System which takes over when there is no power at Head Office.

Our target for operation as JOSHCO ICT is to maintain high system availability by implementing strategies that promote continual information technology service improvement.

### **Cybersecurity**

JOSHCO ICT implemented SOPHOS Email Advanced which is a Email Security product aimed at ensuring complete protection from cyber-attacks. Due to this measure being put in place, ICT can now guarantee the complete security of the organization and full compliance with the Minimum Information Security Standards.

During Quarter 1, JOSHCO did not encounter any cyber threats due to the hardened security measures currently put in place. Information Security is actively monitoring the environment through various tools deployed on the infrastructure. There is a need to fill Information Security vacancies within the ICT department to ensure a continued stable environment.

During the reporting period, JOSHCO did not experience any attacks on its Network and Server Infrastructure. This is solely attributed to the hardened policies that are applied to the firewall.

## **SAGE INTACCT**

### **Project Scope**

The project entails initiating a panel process for the procurement of upgrading the current Sage Evolution system for JOSHCO (Johannesburg Social Housing Company). The goal is to enhance JOSHCO's technological capabilities, improve operational efficiency, and better serve its stakeholders by having a reliable and cloud-based system to be accessible as and when required.

### **Overview**

Sage Intacct is a Cloud-based (SaaS) ERP (Enterprise Resource Planning) solution which manages your accounting, financials, customers, sales, supply chain, inventory, procurement, CRM, compliance, processes and business reporting and intelligence, learn more. Sage Intacct is a powerful cloud accounting software designed to streamline financial management for growing organizations (typically 20+ employees) and mid-sized companies. It provides automation and trusted insights across financials, planning, HR, and payroll.

JOSHCO has successfully migrated from SAGE Evolution to Intacct to streamline financial management to grow the organization.

**Table 10: Current and Future Projects**

Project	End User Department	Status
Maintenance Escalations	Housing Management	Completed
JOSHCO e-Leasing (JOSHCO APP)	Leasing	Completed
System Center Service Manager	Entire Organisation	Completed
Customer Service Portal	Customer Service	Completed
Supplier Database Repository	Supply Chain Management	Completed
Website Hosting	Marketing & Communications	In Progress
KPI Management Tool	Entire Org	In Progress
Sage Intacct Upgrade	Finance	Completed
VoIP Migration	Entire Org	Completed
Review of ICT Policies	Entire Org	Initiated

## SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

Compliance Management is a multifaceted discipline that ensures that an organisation complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements. JOSHCO uses the EXCLAIM! Compliance software to monitor compliance with relevant legislation. In addition to the use of EXCLAIM!, other mechanisms such as compliance risk management plans are used to identify, assess and monitor JOSHCO's level of compliance with relevant regulatory requirements that form part of its operations. As at the end of the second quarter, a total of twenty-eight (28) Acts and regulations were identified as being applicable to JOSHCO's operations and appear in the Regulatory Universe.



**Table 11: Action Plan of the Assessed Legislations**

Act Name	Q4 2023/24	Q1 2024/25	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
1. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	76.5%	76.5%	<p>The variance relates to the requirement for senior managers, supply chain manager, and officials to meet competency levels for financial and supply chain management.</p> <p>Because of new appointments as well as the regulation requiring that that appointment persons within this category ensure that they obtain the competency levels within 18 Months, the act will consistently have fluctuating Variances.</p> <p>There are 2 programs concurrently running to ensure that all managers are enrolled to meet the minimum competency as per the regulation</p>	All Newly appointed Managers meeting the requirement to be enrolled in the program.	EM: Corporate Services	<p>The Following Employees have been rerolled in both Programmes:</p> <ol style="list-style-type: none"> <li>1. Supply Chain Officials</li> <li>2. Senior Manager ICT</li> <li>3. Portfolio Managers</li> <li>4. Company Secretary</li> <li>5. General Manager: Housing Management</li> <li>6. Financial Manager</li> </ol> <p>The program is set to be completed in November 2024.</p>	31 December 2024

Act Name	Q4 2023/24	Q1 2024/25	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
2. Municipal Finance Management Act.	94.3%	94.3%	<p>The Variances relate to the current deficit affecting expenditure and budget management.</p> <p>The Variances also relate to the late payment of supplier due to the City's cashflow issues.</p>	<ol style="list-style-type: none"> <li>Strategies to increase revenue and reduce expenditure are contained in detail in the finance report.</li> </ol>	Chief Financial Officer	<ol style="list-style-type: none"> <li>Payments although in staggered amounts have been made to JOSHCO from the human settlements for projects conducted on their behalf.</li> <li>The revenue collection strategies are still in place. Revenue collection currently at 69% and there is an effort to recoup the outstanding money through various forums while saving on legal costs</li> </ol>	31 December 2024

Act Name	Q4 2023/24	Q1 2024/25	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
3. Rental Housing Act, No. 50 of 1999	96.3%	96.3%	The variance relates to the non- renewal of leases in some of our projects as well as non- payment of rentals.	<ol style="list-style-type: none"> <li>1. Implementation of the Rental Collections Strategies</li> <li>2. Evictions of non-paying tenants</li> </ol>	EM: Housing Management	<ol style="list-style-type: none"> <li>1. We had 3 evictions in Fleurhof Riverside(2) and Junction(1). Since the evictions in Fleurhof , there has been a positive response with regards to the submission of AOD's from tenants.</li> <li>2. Lease renewals and Regularisation is conducted on all JOSHCO projects as and when the lease expires.</li> <li>3. The overall collections to date without City referral stock is 69% and with City Referral stock it drops to 61%. 2 342 files have been handed over to the Housing Tribunal Court since beginning of August 2024 and have assigned 3 Credit controllers to work from the Housing Tribunal Court in assisting with opening of files and creating Case numbers as the Tribunal complain about the capacity issues.</li> </ol>	31 December 2024

Act Name	Q4 2023/24	Q1 2024/25	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
4. Social Housing Act 16 of 2008 and <b>Social Housing Regulations.</b>	93.5%	93.5%	<p>The Variance relates to:</p> <ul style="list-style-type: none"> <li>JOSHCO's Accreditation has been downgraded by the regulator due to noncompliance on an ongoing basis with the criteria which qualify them for full accreditation.</li> <li>JOSHCO does not comply, with section 14 (2) of the Social Housing Act which states that an SHI must at all times to function in compliance: <ul style="list-style-type: none"> <li>(i) the provisions of this Act.</li> <li>(ii) the national building regulations under the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977).</li> <li>(iii) the technical standards imposed by the National Home Builders Registration Council under the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998); <b>(No Occupancy Certificates)</b></li> <li>(iii) the provisions of the Rental Housing Act, 1999 (Act 50 of 1999)</li> </ul> </li> <li>The content of the lease agreement and proposed changes are not strictly adhered to by all parties.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain full accreditation with the SHRA.</li> <li>Obtain occupancy certificates for all JOSHCO projects</li> </ul>	EM: Housing Management	<ul style="list-style-type: none"> <li>JOSHCO has submitted all compliance and accreditation requirements for the start of the Financial Year. SHRA is still yet to provide feedback on the JOSHCO's accreditation. The management of JOHSCO has a meeting on 3 July 2024 with the SHRA Compliance team and will engage the team on getting full accreditation.</li> <li>Occupation certificates are still outstanding for the Dobsonville projects due to pending litigation.</li> <li>The current projects are not being launched without the necessary compliance approvals.</li> </ul>	31 December 2024

Total number of Acts assessed: 28 against 28 in the Regulatory Universe.

Total Acts with 100% compliance: 24

Total level of compliance: 98.6% against a target of 98%

# CHAPTER 3

## SERVICE DELIVERY PERFORMANCE

## SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

- In relation to Housing Development, a total of 556 housing units are at above 80% of completion stage.
- Pertaining to Housing Management, the Occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above for the Q1.
- During the quarter under review, a total of 318 EPWP work opportunities were created against a target of 250.
- In the first quarter, the company met all seven of its Service Level Standard KPIs.

## SECTION 2: SERVICE DELIVERY CHALLENGES

Key challenges that were encountered during the quarter under review are listed below. Some of the challenges are persistent, but measures have been put in place to mitigate the challenges as listed below:

- Low rental collection remains a challenge for the entity.
- Insufficient allocation of funds by the City. This has resulted in the entity not being able to pay invoices timeously.
- Formation of the Social Housing Movement within JOSHCO projects which advocates for ownership within social housing space. Coupled with this is the influence of illegally constituted Tenant Committees, which Housing Management is facing head on with the aid of Stakeholder Relations.

## SECTION 3: RESPONSE TO STRATEGIC DIRECTION AS AT 30 SEPTEMBER 2024

**Table 12: JOSHCO's Response to Strategic Direction**

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q2
1. Sustainable Service Delivery	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• Attainment of all SLSSs</li> <li>• Well maintained and clean JOSHCO properties</li> <li>• Continuous engagement with SHRA's to ensure we are compliant to the regulator.</li> </ul>
1. Job opportunity & creation	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• Upliftment of communities through SMMEs on construction projects</li> <li>• Skills development and job creation through EPWP programme</li> </ul>
2. Sustainable service delivery	<ul style="list-style-type: none"> <li>• Develop &amp; manage social housing and student accommodation</li> <li>• Develop &amp; manage affordable rental housing</li> <li>• Implement housing development projects for the CoJ</li> </ul>	<ul style="list-style-type: none"> <li>• On track to deliver social housing and affordable housing units across the City</li> <li>• Development of student accommodation precinct</li> <li>• Preserved and well-maintained buildings that meet acceptable living conditions</li> </ul>

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q2
	<ul style="list-style-type: none"> <li>Provide assigned municipal services</li> </ul>	
3. Financial sustainability	<ul style="list-style-type: none"> <li>To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>A solvent company by end of 2024/25 FY</li> <li>Improved revenue collection</li> <li>Diversification of revenue stream (outdoor advertising, management fee, other mechanisms)</li> <li>An unqualified Audit Opinion</li> </ul>
		<ul style="list-style-type: none"> <li>Effective and efficient business processes</li> <li>Improved tenant satisfaction, through proactive tenant education and engagement programme</li> <li>Customer satisfaction targets achieved and improved</li> <li>Improved visibility of JOSHCO brand</li> </ul>
4. A Smart City	<ul style="list-style-type: none"> <li>To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (Including alternative energy solutions and rainwater harvesting)</li> <li>Improved application and leasing processes, supported by automation of processes launched</li> <li>Seamless business continuity supported, through effective backup and disaster recovery systems</li> </ul>

#### SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

The relationship of JOSHCO and CoJ as a parent municipality and the sole shareholder of the entity is formalised through various processes and documentation that include the Service Delivery Agreement (SDA) and the Shareholder compact. Section 93B (a) of the Municipal System Act stipulates that “Parent municipalities having sole control. — A parent municipality which has sole control of a municipal entity:

- (a) Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity’s multi-year business plan.” As such JOSHCO and the City sign a five-year SDA that is reviewed annually, and the agreement outlines the entity’s scorecard and seven service level standards that JOSHCO should adhere to when delivering its services to the Johannesburg communities.

JOSHCO reports on performance against seven pre-determined targets for SLSs. The entity has achieved all seven of the service standards due in the quarter under review. The agreed service standards with the City cover the following:

- 98% accurate bills for all active customers



- 96% of maintenance request attended to within 14 working days
- Routine building maintenance once per year and as required
- Outcome of enquiry to be sent to application within 5 days
- Outcome of the application communicated within 10 working days
- Acknowledgement and response within 24 hours of complaint being logged and
- Resolution within 5 working days of logged call.

**Table 13: Service Level Standard (SLS) Performance as of 30 September 2024**

Core Service	Service Level Standard Target	July 2024	August 2024	September 2024	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	98%	98%	98%	None	None
2. Attending to request for maintainance	96% of maintenance requests attended within 14 days of the logged call	96%	96%	99%	None	None
3. Routine building maintenance	Once per year and as when required	Not reported	Not reported	100%	None	None
4. Application for rental housing	Outcome of enquiry to be sent to application within 5 days	1 day	1 day	1 day	None	None
5. Application for rental housing	Outcome of the application communicated within 10 working days	3 days	3 days	3 days	None	None
6. Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 hours	24 hours	24 Hours	None	None
7. Resolution of complaints	Resolution of the complaints/ queries within 5 workings days	1 day	2 days	1 day	None	None

## SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2024–2025 business plan includes 18 key performance metrics and targets.8 of the 14 targets that were due for reporting during the quarter were met. This outcome amounts to a performance for the quarter of 57.14%.

Performance Targets	Targets
Total Annual Targets	18
Applicable targets in Q1	14
Targets achieved	8
Targets not achieved	6
Not due for reporting	4

**Legend:**

	Target achieved
	Target not achieved, but there is progress
	Target not achieved and there is a significant risk of non-achievement
	KPI measured at the end of the financial year and / not due for reporting in the quarter

**Table 14: Performance Against Predetermined Objectives as at 30 September 2024**

Key Performance Area	KPI Number	Key Performance Indicator	Annual Target 2024/25	Q1 Target	Q1 Actual	Variance	Reasons for Underachievement and Remedial Action
Financial Stability	1	Current Ratio	Current ratio 1:1	1:1	0.48	-0.52	The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utilities, finance costs and repairs and maintenance costs.
	2	Solvency Ratio	Solvency Ratio 1:1	1:1	0.50	-0.40	
	3	% Collection in respect of current debtors	80% collection in respect of current debtors	80%	61%	-19%	
	4	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	28%	-72%	The underachievement is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.
	5	Number of SMME's supported	30 SMME's	-	Not Due	N/A	No set target for quarter 1 but will be achieved when works are in full swing at Devland, Booysens, Randburg Selkirk and Riverside Phase 3
	6	Percentage expenditure of approved capital budget	100% expenditure on approved capital budget	25%	25%	-	Target Achieved
Good Governance	7	Percentage resolution of internal audit findings	100% resolution of Internal Audit findings (cumulative)	30%	47%	+17%	Target Achieved
	8	% Resolution of AGSA findings	100% resolution of AGSA findings	-	Not Due	N/A	N/A

Key Performance Area	KPI Number	Key Performance Indicator	Annual Target 2024/25	Q1 Target	Q1 Actual	Variance	Reasons for Underachievement and Remedial Action
	9	Level of audit opinion	Unqualified audit opinion	-	Not Due	N/A	N/A
	10	Percentage compliance to Laws and regulation	98% compliance to laws and regulation	98%	89	-9	Target Not Achieved
	11	Percentage Implementation of corrective action against identified risks	100% Implementation of corrective action against the identified risks	95%	100%	+5%	Target Achieved
Personnel Vacancy Rate	12	% Employee vacancy rate	10% employee vacancy rate	10%	8%	2%	Target Achieved
Smart City	13	Number of digitisation initiatives completed	8 Digitisation initiatives completed	2	1	-1	Target Not Achieved due to delayed submission of outstanding reporting templates by end-user department
Job Opportunity and Creation	14	Number of jobs created for the unemployed through EPWP programmes	1000 Jobs	250 jobs created	321	+71	Target Achieved
Sustainable Service Delivery	15	No. of social housing units completed	556 housing units completed	-	Not Due	N/A	Works on course: • Nancefield 372 units are 87% complete • Riverside – 184 units are 99% complete
	16	% Occupancy rate across all JOSHCO rental units	98% occupancy rate	98% occupancy rate	98%	0	Target Achieved
	17	% Achievement of service standards	100% Achievement of service standards	100% Achievement of service standards	100%	0	Target Achieved
	18	Number of community-based initiatives implemented through Community Development	4	1	1	0	Target Achieved

## 5.1 PROJECT PERFORMANCE

Our capital projects are divided into 2 programs: **Inner-city** and **Green-fields** programs and are further divided into 2 major milestones: **Planning** and **Implementation**. Planning runs from inception to pre-tender stage and implementation from tender stage to project close out. Below are details of start and completion dates of various projects, as well as their performance. The start and completion dates of the projects are in line with the signed Development Agreement or JBCC of the project. It should be noted that, depending on the outcome of Extension of Time claims submitted by main Contractors, the dates may be amended if the claim is awarded with or without cost, depending on the incident the main Contractor is claiming against. The adjudication of whether to award extension of time claim (with or without cost) is concluded by independent Project Managers, Principal Agents or Review Consultants working with Quantity Surveyors and recommendations are made to JOSHCO.

**Completed project with Occupation Certificate:** the project has been constructed and completed in compliance with the provisions of the National Building Regulations Act 103 of 1977 as amended. These projects are ready for tenanting since they have reached practical completion and obtained Occupation certificates.

**5.1.1. PERFORMANCE SUMMARY**

JOSHCO has twenty-three (23) projects that have been approved in the 2024/2025 FY Business Plan. Fourteen (14) of these projects are between planning and procurement and Nine (9) of the projects were at implementation stage at the beginning of the financial year. Some of the projects in implementation have reached completion and awaiting completion certificates. There are, however, seventeen (17) projects budgeted for in the Business Plan and with only three (3) under implementation.

**5.1.2. PROJECTS UNDER IMPLEMENTATION: INNER CITY**

**ABEL ROAD CONVERSION PHASE 1**

**Start date:** 01 July 2023 & **Anticipated date:** 31 March 2025

**Area or location:** Abel Road, Inner City Johannesburg

**No units expected 2024/2025:** 107-units phase 1.

**Budget allocated this FY:** R0

<b>Monitoring Tool</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>
<b>Capex Expenditure</b>	0	0	R 1 362 114
<b>SMME Expenditure</b>	0	0	0
<b>Project Progress</b>	99%	99%	99%

**Comments on Project Performance:** All construction activities have been completed inclusive of snagged and de-snagged. All COCs have been submitted except for the electrical COCs. City Power to connect electricity to the outstanding 36 units.

There are outstanding Town Planning matters for consolidation and parking relaxation for the SDPs to be submitted. Building plans approvals needed to obtain Occupation Certificate.

**106 CLAIM STREET SOCIAL HOUSING PROJECT**

**Start date:** 20 July 2023 & **Anticipated Completion date:** 30 September 2024

**Area or location:** 106 Claim Street, Hillbrow

No units expected 2024/2025: 80 units.

Budget allocated this FY: Nil

Monitoring Tool	July	August	September
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	99%	99%	99%

**Comments on Project Performance:** Construction works were successfully completed in the previous financial year. Documentation for Occupation Certificate application have been submitted to the Chief Building Inspector. The project has been identified as a TEA (Transitional Emergency Accommodation) for the City of Johannesburg. It can also be utilized as TEA for decanting JOSHCO's bad buildings.

#### **NEDERBURG STUDENT ACCOMMODATION**

**Start date:** 25 July 2023 & **Anticipated Completion date** :30 November 2024

**Area or location:** 153 Wolmarans street, Johannesburg

No units expected 2024/2025: 60 units

Budget allocated this FY:

Monitoring Tool	July	August	September
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	85%	85%	85%

**Comments on Project Performance:** Construction works have been completed with the contractor currently working on snags. Furniture for the student accommodation installation underway. A Variation Order to address fire compliance has been submitted to BAC for presentation and approval.

#### **5.1.3. PROJECTS UNDER IMPLEMENTATION: GREENFIELDS**

##### **NANCEFIELD SOCIAL HOUSING PROJECT**

**Start date:** 4 May 2021 & **Anticipated Completion date** :6 December 2024

**Area or location:** Nancefield, Klipspruit, Soweto

No units expected 2024/2025: 372.

Budget allocated this FY: R55 000 000,00

Monitoring Tool	July	August	September
Capex Expenditure		R8 717 058	R13 178 062
SMME Expenditure	R1 204 496,13	R1 036 809,32	R1 304 468,15
Project Progress	84%	86%	88%

**Comments on Project Performance:** Construction works in progress on site. Contractor currently working on external works, construction of the internal roads and parking spaces. Electrical works are ongoing. Over 130 persons have been employed in project of which 108 are from the local community.

Late payments of invoices and sewer line access issues have been identified as the main risks that will affect the project cost and the completion project.

### **DEVLAND SOCIAL HOUSING PROJECT (Phase 3)**

**Start date:** 14 November 2022 & **Anticipated Completion date:** 30 October 2025

**Area or location:** Devland

**No units expected 2024/2025:** 171 units.

**Budget allocated this FY:** R 30 000 000,00

Monitoring Tool	July	August	September
Capex Expenditure	0	R7 599 136,66	R8 726 297
SMME Expenditure	R 95 000,00	R 95 000,00	R310 090.18
Project Progress			16%

**Comments on Project Performance:** Site was handed over on the 18<sup>th</sup> of June 2024 to the appointed contractor, however, the contractor could not start works due to the change of scope from the proposed Multi-purpose Hall to residential units. 30 units had been previously constructed and uncompleted. A proposal to build a multi-purpose hall was submitted to the City Building Inspector as a change of scope and it was rejected. A decision was made to revert back to the construction of residential units which was rejected by the local community as they had accepted the construction of a multi-purpose hall. Through JOSHCO engagements with the community, the building of residential units was then accepted.

Currently, construction works have commenced on the unfinished 30 units. Other works being undertaking on site include the installation of water storage tanks, installation of water pipes, testing of raft slabs, sewer and stormwater reticulation.

## **RIVERSIDE VIEW SOCIAL HOUSING (Phase 2)**

Start: 1 November 2023 & **Anticipated Completion date:** 4 December 2024

**Area or location:** Region A, North of City of Johannesburg, Riverside View.

**No units expected 2023/2024:** 184 Units

**Budget allocated this FY:** R 30 000 000,00

<b>Monitoring Tool</b>	<b>July</b>	<b>August</b>	<b>September</b>
<b>Capex Expenditure</b>	R 637 069.43	R0	R1 129 572.42
<b>SMME Expenditure</b>	R 3 999 605,54	R0	R0
<b>Project Progress</b>	98%	99%	100%

**Comments on Project Performance:** 184 units have been completed for Phase 2. The project has reached Practical Completion and is currently awaiting Occupation Certificates.

### **Phase Three**

The next phase of the project, which will yield total of 744 units is ready for implementation.

#### **5.1.4. PROJECTS UNDER PLANNING STAGE**

### **RANDBURG SELKIRK**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget	R40 000 000

The professional team has finalized compiling the documents for the submission of the Section 7(6) application for submission at CoJ and sent application forms and Building Plans to JOSHCO for signature. Section 7(6) application is expected to be issued within 2 weeks of the submission. However, TSSN has referred the matter to arbitration and JOSHCO is awaiting the legal process to be finalise before going out on tender.

The Sec 7(6) application documentation has been compiled, and both the application and building plans have been submitted to JOSHCO for signatures.

### **RIVONIA /EDENBURG TURNKEY**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R1 000 000



JOSHCO has terminated the contract with the Developer for Breach of Contract. An agreement has been reached between JOSHCO and the landowner. The land transfer is currently underway. Once the land transfer is finalised, JOSHCO will appoint the professional team for designs.

**DENVER EXTENSION 20 (JEPPESTOWN)**

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R1 000 000

The appointed professional obtained the revised comments from the Transport Department, currently waiting for JRA consolidated comments. CoJ LUM is currently awaiting revised consolidated comments from EISD. EISD comments are still outstanding, awaiting the EA report. Once the consolidated comments have been issued to CoJ Land Use Management, the rezoning application will be finalized.

The Environmental Department (EISD) requested that an application be submitted to the National Nuclear Regulator for comments before they can provide us with their own comments. The application has now been submitted to the NNR for their review. The Department of Minerals and Energy has requested a land stability test to be done to ascertain the land suitability for proposed high density development. The tests are currently being conducted on site.

**MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)**

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R6 000 000

The rezoning application had been submitted online to CoJ Development Planning. The comments from service departments have been received. No objections have been received. The professional Team presented the Stage 3 designs to JOSHCO on 5 March 2024, however, comments were issued and the professional team is currently finalising the Stage 3 designs.

The Professional Team is currently addressing the comments received from service infrastructure departments. Johannesburg Roads Agency has requested the submission of a Traffic Impact Assessment (TIA) & Site Traffic Assessment (STA), both studies where were submitted to JRA.

Johannesburg Water has indicated that there is insufficient capacity for the development until 2027. JOSHCO is actively exploring potential solutions to address capacity constraints issues, including engaging in discussion with Johannesburg Water. Meeting request has been sent to Joburg Water and CoJ Development Planning.

### **KELVIN SOCIAL HOUSING PROJECT**

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R7 000 000

Rezoning application was submitted to CoJ Development Planning end of November 2023. The application received more than 400 objects from the adjoining neighbours, the application will be referred to the CoJ Municipal Planning Tribunal (MPT) for a decision. The Town Planner is currently working on resolving some of the objections and putting together supplementary motivation for the MPT.

According to an objection received from Urban Dynamics, the site was earmarked for a reservoir which was part of the 2022/2023 budget, however the matter was resolved, and JW has withdrawn their objection and confirmed they will look for an alternative site for the proposed water reservoir. JOSHCO is awaiting UD to formally withdraw their objection prior to the application being referred Municipal Planning Tribunal for a decision

Eskom comments are still outstanding. The professional team has sent a meeting request to have the matter resolved the matter, as the area does not fall under City Power.

### **LOMBARDY EAST SOCIAL HOUSING PROJECT**

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R8 060 806

A rezoning application was submitted on the 29th of February 2024. Comments were received from various infrastructure service departments. Service Infrastructure Departments have issued comments and services engineering reports requested such as the Traffic Impact Study and the Environmental Impact Assessment studies. The professional team is currently working on finalising the reports. City Power has indicated that they currently do not have capacity until 2029. However, they may reconsider their position if JOSHCO provide an electrical report demonstrating that alternative energy will be used on the development through solar energy and gas stoves.

The electrical engineer is preparing the comprehensive report as per City Power's recommendations to show the alternative energy measures which are going to be implemented on the development.

### **MARLBORO SOCIAL HOUSING PROJECT**

Ref	Description	Amount
1	Capital budget allocation for 2024/2025	R5 000 000

JOSHCO approved Stage 2, concept and viability and the professionals currently finalising Stage 3, designs.

Both rezoning and subdivision applications have been submitted to CoJ Development Planning and are currently in circulation. The applications are currently in circulation

#### **MARLVEN SKILLS DEVELOPMENT CENTRE**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R7 000 000

The Professional team has been appointed. An Inception Report was presented to JOSHCO on the 23<sup>rd</sup> of November 2023. JOSHCO approved stage 1 report and the professionals currently addressing concept and viability. Consultants are currently finalising the documents for submission of land use applications.

The scope of work was changed in April 2024. The professional team was instructed to amend the proposed skills development centre to social housing. A letter for a change of scope had been prepared and was sent to the office of the Acting COO for signature prior to the team presenting the revised Stage 2 for social housing.

#### **PARK CHAMBERS PRECINCT**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R10 000 000

JOSHCO is currently waiting for the SLA from Department of Human Settlements. The professional team will then submit the Site Development Plan and subsequently the submission of the Building Plans.

#### **LUFHERENG PHASE**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R7 000 000

The professional team is currently awaiting Site Development Plan and Building Plans approval. The request has been sent to Department of Human Settlement for permission to participate.

#### **BOOYSENS SOCIAL HOUSING DEVELOPMENT**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R30 000 000

The Site Development Plan has been approved. The Building Plans have been submitted and are currently awaiting approval. The site handover will be conducted as soon as the building plans are approved.

## **280 SMIT STREET – STUDENT ACCOMODATION**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R10 000 000

The Site Development Plan has been approved. The Building Plans have been submitted and are currently awaiting approval.

Project is expected to be ready for implementation by November 2024.

### **5.1.5. SHRA CCG FUND APPLICATIONS**

Applications for the SHRA Consolidated Capital Grant had been submitted for the following developments:

50 Durban Street

Abel Street – Phase 2

Denver Extension 20

Lufhereng Phase 1 – remaining 60 of 407 units.

### **5.1.6. SHRA PROJECTS OCCUPATION CERTIFICATES (OC)**

There are several SHRA funded projects that are tenanted, some without Occupation Certificates. This program aims at remedying this non-compliance.

#### **Progress:**

**City Deep:** Occupation Certificates for the entire development had been issued. There are no outstanding OCs for City Deep. JOSHCO has claimed for the outstanding tenanting amount on the SHRA CCG grant funding.

**Dobsonville:** There is currently one property that has encroached on JOSHCO's property, which is yet to be demolished. On 29 September 2024, JOSHCO's legal team wrote to the Respondents detailing JOSHCO's final settlement terms on the matter. The matter is anticipated to be concluded second week of October 2024.

JOSHCO has started the legal processes to obtain the demolition order. Once the permit is issued, the demolition of encroaching structure will be carried out, the outstanding remedial works will be carried out on the development for the development to obtain the outstanding Occupation Certificate.

**Turffontein:** It should be noted that the Occupation Certificate exists, however the current OC refers to one erf because, according to the Chief Building Inspector who issued the OC, the CoJ system is unable to issue two OCs for one development, hence, a consolidation application is required by SHRA.

The application has been submitted, however, JOSHCO is currently finalizing the registration of erven 195 and 196 Haddon Extension 2, prior to the approval of the consolidation application. The Section 113 clearance application is pending currently awaiting JRA comments. The professional team is currently compiling the documents as per JRA's comments prior to issuing of the clearance certificates. Once Section 113 has been finalized, the registration of the two erven can be finalized and the consolidation application will be finalized, and Building Control will be able to issue OC for the newly created consolidated erf.

## 5.2 HOUSING MANAGEMENT

The role of the Housing Management business unit at JOSHCO is to provide end-to-end property management which includes maintenance (planned and reactive), lease management (tenant life cycle management) and ensure maximum revenue management in all its rental stock. Housing Management endeavors to attain the KPIs set out before it and diligently attempts to surpass such on a monthly and quarterly basis.

**Focused Maintenance interventions:** The MFMA Circular 71 by National Treasury highlights the norm of annual expenditure on Repairs and Maintenance for Property, Plant & Equipment as 8% of carrying value, however the amount being spent on the upkeep of JOSHCO properties is not nearly close to this standard. This places the status of our buildings at risk because JOSHCO properties become susceptible to below par upkeep and maintenance due to an underfunded maintenance programme.

Many of JOSHCO's buildings remain insufficiently catered for in relation to the total budget required to bring them up to impeccable or above average condition. The condition assessments carried out in 2022 that highlighted the focal points of intervention required for major upgrades remains unfulfilled due to budget constraints. With this said, the bulk of the maintenance issues experienced are bound to be repetitive in nature due to the root causes of the issues not being comprehensively attended to or brought to finality. Furthermore, as much as each property has a dedicated Building Maintenance Contractor (BMC) assigned to it, secondary/supplementary service providers have been used interchangeably to augment and service shortfalls being experienced by the "primary" BMC due to a number of reasons, chief among them which is cash flow due to delayed payments.

During the previous financial year there was a significant amount of focus on external painting works in our properties to ensure that they look attractive and presentable, and part of the preparation for painting works was the rectification of issues such as cracks on walls etc. before any external painting work could be carried out. Another focal point was the interior painting works in relation to OHS where there was mold inside the tenants' units that could potentially cause a health hazard. This programme is still continuing, and the external painting programme could not be completed on time due to cash flow issues that caused non-payment to service providers for a few months. We are anticipating for there to be less expenditure on planned maintenance this financial year and the focus will be on annual routine maintenance activities.

### 5.3 MAINTENANCE

Towards the end of 2023/24: Q4 there was an issue of over expenditure raised for Repairs and Maintenance, and subsequently an interim intervention was put in place to ensure oversight up to the executive level for all orders that were being processed. This continued through to the first quarter of 2024/25 until the new budget for the year was confirmed and apportioned accordingly to the various portfolios. The normal approval process was restored towards the end of September 2024 as per the existing delegation framework – this will ensure that there are no delays with regards to service delivery and will also ensure that all Portfolio Managers are aware of how much they are responsible for in terms of expenditure for the financial year. The necessary controls have been put in place to ensure that there are early warning signs for any over expenditure.

#### 5.3.1 Repairs and Maintenance: Portfolios A-E

At the beginning of this financial year, the request for the 11 properties that are City Owned stock was approved by Council at the end of July 2024 and the technical team is in the process of implementing this resolution with the Human Settlements team. This will see JOSHCO's expenditure on repairs and maintenance reduced and an improved collection rate for the overall portfolio is envisaged. The total budget for this financial year is broken down as follows:

Budget Item	2024/25 FY Budget	Comments
Revenue (Rental Income)	R146 750 000	A number of initiatives are being put in place to ensure increased rental collection.
Repairs and Maintenance	R70 539 000	This budget is insufficient to cater for the needs of the 36 properties JOSHCO has. The high reactive maintenance expenditure is caused by the aging infrastructure that requires major upgrades and refurbishments in some properties.
Security	R2 138 000	The allocated budget will not allow the full completion of the Biometric systems for the remaining properties.
Utilities	R31 267 805	The Utilities bill for 2023/24 was almost R180 million, it is almost impossible to remain within budget with the current target.

The rental income target for the financial year is R146,750,000 and if the collection rate of 80% is realized, this should offset or be able to cover the repairs and maintenance expenditure – therefore will be prudent for Housing Management to efficiently manage its repairs and maintenance budget this financial year.

## PORTFOLIO A

**Table 15: UNPLANNED MAINTENANCE**

PORTFOLIO A SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Target %Achieved
AA House	7	2	9	18	18	0	100%
African Diamond	2	0	0	2	2	0	100%
Devland	5	0	8	13	13	0	100%
Europa House	3	0	1	4	4	0	100%
Hoek Street	12	1	5	18	18	0	100%
Raschers	6	3	13	22	22	0	100%
La Rosabel	0	0	0	0	0	0	N/A
Textile building	1	2	0	3	3	0	100%
<b>TOTAL JOBS</b>	<b>36</b>	<b>8</b>	<b>36</b>	<b>80</b>	<b>80</b>	<b>0</b>	<b>100%</b>

For the 1st quarter, there was a total of 80 jobs under reactive maintenance jobs that were logged for Portfolio A. The actual achieved response rate remained at 100% for jobs logged and completed within 14 days and is higher than the SLS target of 96%. The total cost of reactive maintenance between July 2024 and September was **R225 958,47** was spent on reactive maintenance for the properties in Portfolio A.

## PORTFOLIO B

**Table 16: UNPLANNED MAINTENANCE**

PORTFOLIO B SLS	MAINTENANCE CATEGORIES				Turnaround Time Target: 96% within 14 Days turnaround		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Achieved%
Bellavista Infill	3	1	4	8	8	0	100%
Bellavista Citrine Court	15	4	9	28	28	0	100%
Kliptown Square	53	2	21	76	56	0	100%
Kliptown Golf Course	31	3	2	36	36	0	100%
Phoenix House	14	2	8	24	24	0	100%
Turffontein	34	7	28	69	69	0	100%
Orlando Ekhaya Flats and family units	33	10	24	68	68	0	100%
Lufhereng	29	12	20	61	61	0	100 %
<b>TOTAL</b>	<b>212</b>	<b>41</b>	<b>116</b>	<b>369</b>	<b>369</b>	<b>0</b>	<b>100 %</b>



For the 1<sup>st</sup> quarter, there was a total of 369 jobs under reactive maintenance jobs that were logged for Portfolio B. The actual achieved response rate was **100%** for jobs logged and completed within 14 days and is higher than the SLS target of 96%. A total of **R 856,566.56** was spent on maintenance for Portfolio B.

## PORTFOLIO C

Table 17: UNPLANNED MAINTENANCE

PORTFOLIO C SLS	MAINTENANCE CATEGORIES				Turnaround Time Target: 96% within 14 Days turnaround		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Achieved%
Dobsonville	32	8	17	57	57	0	100%
Fleurhof Junction	59	7	22	88	87	1	99%
Pennyville Communal	12	2	2	16	16	0	100%
Pennyville Flats	12	0	3	14	14	0	100%
Tshedzani Roodepoort	88	9	10	107	106	1	99%
<b>TOTAL JOBS</b>	<b>203</b>	<b>26</b>	<b>54</b>	<b>283</b>	<b>281</b>	<b>2</b>	<b>99%</b>

For the 1<sup>st</sup> quarter, there was a total of 283 jobs under reactive maintenance jobs that were logged for Portfolio C. The actual achieved response rate is **99%** for jobs logged and completed within 14 days and is higher than the SLS target of 96% - only 2 jobs were outside the 14-day mark. A total of **R 2,122,634.63** was spent on reactive maintenance and **R420,647.50** on planned maintenance (this is a carry-over from planned maintenance activities from the previous financial year).

## PORTFOLIO D

Table 18: UNPLANNED MAINTENANCE

PORTFOLIO D SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Target %Achieved
Antea Hostel	20	3	0	23	21	2	99%
Botlhabela	12	4	2	20	20	0	100%
City Deep Old	0	1	1	2	2	0	100%
City Deep Greenfields	6	0	3	9	9	0	100%
Ekhaya Gardens	0	0	2	2	2	0	100%
Fleurhof riverside	0	1	4	5	5	0	100%
Jabulani	0	0	0	0	0	0	100%
Klipspruit hostel	0	0	0	0	0	0	100%
Legae	6	5	7	18	18	0	100%
MBV	0	0	2	2	2	0	100%
Orlando west	0	0	0	0	0	0	100%
Riverside view	3	2	4	9	9	0	100%

Selby	11	2	3	16	16	0	100%
<b>TOTAL JOBS</b>	<b>58</b>	<b>18</b>	<b>28</b>	<b>104</b>	<b>102</b>	<b>2</b>	<b>100%</b>

A total of **R1,480,949.87** was spent on reactive maintenance and **R2,382,529.07** on unplanned maintenance for the properties in Portfolio D. This portfolio includes all the City owned stock that is to be moved back to Human Settlements of which did not have any planned maintenance budget.

## PORTFOLIO E

**Table 19: UNPLANNED MAINTENANCE**

PORTFOLIO E SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
	Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days
Union Square	10	14	10	34	32	2	98%
Abel Street	-	-	-	-	-	-	100%
50 Durban	-	-	-	-	-	-	100%
Union Square-SHOPS	1	-	-	-	1	0	100%
Booyens Place							
<b>TOTAL JOBS</b>	<b>11</b>	<b>14</b>	<b>10</b>	<b>35</b>	<b>33</b>	<b>2</b>	<b>99%</b>

For the 1<sup>st</sup> quarter, there was a total of 35 jobs under reactive maintenance jobs that were logged for Portfolio E. The actual response rate achieved is 99% for jobs logged and completed within 14 days and is higher than the SLS target of 96%.

## 5.4 RENTAL AND LEASE APPLICATIONS UNIT OCCUPANCY LEVELS

The overall occupancy rate for all residential rental stock is at 98% for 2024/25: Q1, translating to a 2% vacancy rate.

**Table 20: OVERALL OCCUPANCY**

Project Name	Units No.	Occupancy	Occupancy
AA House	254	254	100%
African Diamond	61	58	95%
Antea	409	354	87%
Bellavista Infill	36	35	97%
Bothlabela	521	520	100%
Citrine Court	79	78	99%
Chelsea	80	73	91%
City Deep Old	425	411	97%

Europa House	167	164	98%
Hoek Street	265	264	100%
Klipspruit (Beds)	54	53	98%
Kliptown Golf C	936	929	99%
La Rosabel	50	49	98%
MBV	188	185	98%
Legae	92	91	99%
Orlando Ekhaya 2	190	185	97%
Orlando Ekhaya 1	102	101	99%
Pennyville Rooms	564	562	100%
Phoenix House	135	135	100%
Rashers' Building	95	94	99%
Selby Rooms	19	17	89%
Selby Units	256	253	99%
Textile Building	162	159	98%
Union Square	341	340	100%
City Deep New	329	327	99%
Khaya Gardens	333	295	89%
Devland	255	254	100%
Dobsonville	502	501	100%
Fleurhof Ph. 1	452	447	99%
Fleurhof Ph. 2	252	251	100%
Kliptown Square	478	478	100%
Pennyville (Flats)	198	191	96%
Roodepoort	432	431	100%
Turffontein	525	523	100%
Lufhereng	406	402	99%
Riverside	180	178	99%
<b>Total</b>	<b>9 823</b>	<b>9 642</b>	<b>98%</b>

## 5.5 SECURITY REPORT

One of the main focus areas of security management towards the end of the previous financial year was to complete the rollout of biometrics throughout the various estates, fix any damaged and non-functioning systems, and complete the enrolment of tenants onsite. The enrolment of tenants onto the biometrics system seeks to ensure that it enhances safety of tenants at various estates and also aims to assist with the monitoring of illegal occupants. Below is a summary table of the progress to date as at Q1: 2024/25 of this financial year:

**Table 21: Summary of progress to date for the first quarter of 2024-25 financial year**

Project Name	Progress Update	Comments
Hoek Street	Activated 04x new readers on two turnstiles for exit and entrance. 01x Magnet & door closer on the side pedestrian gate. 01x Magnet & door closer on the outside pedestrian gate. Installed 02x manual buttons. Old PC with the software up and running. 01x spare PC supplied.	The system is now in place and working.

Raschers	Installed 02x new readers on turnstiles for exit and entrance. 01x Magnet & door closer on the side manual gate. Installed 03x manual buttons. New PC with the software up and running.	The manual gate was aligned, the system is now fully functional.
Phoenix	Installed 02x new readers on turnstiles for exit and entrance. 01x Magnet & door closer on the side manual gate. Installed 03x manual buttons. New PC with the software up and running.	External reader has been fixed, and the screw was tightened. HSV logged the maintenance with BMC and the system is now working.
City Deep	Activated 06x readers for the main gate. Installed 06x readers on two turnstiles. Installed 02x manual buttons. 01x magnet & door closer on the side manual gate. New PC with the software up and running.	Phase 2,3 & 4 new system to be installed. Contractors who were hired to build and install new guardrooms, carport and gates removed the biometric system.
Antea Hostel	Installed 02x new readers on turnstiles for exit and entrance. Installed 02x manual buttons for the turnstiles. Old PC with the software up and running. 01x spare PC supplied New PC with the software up and running.	All readers were damaged by the community. Installation needs to be redone.
Fleurhof Riverside	Installed 04x readers for the turnstile gate. Installed 01x exit readers for the gate. Installed 04x manual buttons. New PC with the software up and running.	The system is working, however needs minor repairs.
Roodepoort Tshedzani	Installed 01x exit reader for the gate at phase 04. Installed 02x reader for the pedestrian gate. 01x magnet & door closer on the side manual gate. New PC with the software up and running.	System is working, however, magnet and reader need to be repaired.
Bokamoso - Devland	Installed 01x reader for the exit and 01x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. Installed 04x manual buttons. 01x magnet & door closer on the side manual gate.	System is working. One pedestrian reader needs repairs.
Dobsonville	Installed 02x reader for the exit and 02x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. 02 Remote buttons. 01 Magnet installed at side gate.	The system is now working 100%. The HSV is currently dealing with tenant enrolment.
50 Durban Street	No biometric system installed yet.	The building is yet to be tenanted.
Nederburg	No biometric system installed yet.	The building has not yet been completed.
Riverside View	Biometric system installation is completed in both Riverside view phases.	The system construction was completed and is now working. The HSV is currently dealing with tenant enrolment.
EKHAYA Gardens	Installed 02x reader for the exit and 02x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. 02 Remote buttons. 01 Magnet installed at side gate.	The system is fully functional, and tenants will be enrolled as they move into the estate.

## 5.6 COMMUNITY DEVELOPMENT

The key areas of focus for JOSHCO Community Development are:

- EPWP Programme (Job Creation & Skills Development).
- Tenants Initiatives (Outreach Programmes).

- Psycho-Social Support.
- Training.

The overview provided in the table below is of the progress made in implementing the community development programme for quarter 1.

## Tenant Initiatives

### 5.6.1 Health and Social Programmes

Project Name	Date	Type of referral and Organization
Europa House	04/07/2024	Ms. Tsheliwe Sikhakhane from unit number 914 Europa House is emotional abused by her neighbor, she was offered Psycho-social support, and a mediation meeting was proposed by Community Development Officer. Housing Supervisor to arrange the meeting.
Fleurhof Junction	10/07/2024	Thulaganyo Sebaeng is emotional abuse by the boyfriend who is lease holder at Unit A004 Fleurhof Junction. She is afraid that the tension will escalate to gender-based violence since she does not have an alternative place to stay if she must move out. The client was offered Psycho-social support and referred to the leasing department for an assistant with an available unit to rent. She was also advised to look for other alternative places to stay or go home (Northwest) if the emotional abuse continues.
Turffontein	25/07/2024	Nhlanhla Mndleleni a concerned tenant from Turffontein project is proposing the establishment of support group since there is high rate of suicide death in the project. Ms Nhlahla Mndleleni is requesting Community Development office to assist with looking for NPO's around Turffontein that can be used as our referral system.
	01/08/2024	Ms. Unathi Cutshwa, a leaseholder at Unit N004 Turffontein, committed suicide, leaving behind her boyfriend and two children. The boyfriend, Mr. Samkelo Masopha, approached the office for assistance with applying for a lease to continue housing the children. The case has been referred to the Leasing Department. Mr. Masopha, who is on the EPWP programme with a contract ending on 31 December 2024, is required to provide proof of income within two months. His income from operating a school transport vehicle supports his ability to meet the rental payments. Counselling services were deemed unnecessary, and Mr. Masopha has agreed to continue caring for the children with the deceased's family's support.

### 5.6.2 Partnerships

JOSHCO's Community Development Unit established a partnership with the City of Johannesburg's Department of Social Development in the quarter under review. The partnership was for a training of unemployed youth and previous beneficiaries of UIF who reside in JOSHCO projects. The department identified 100 prospective beneficiaries from 18 JOSHCO projects to be part of the training programme that will commence on 1st September 2024 until 30th November 2024 (three months project). The Department of Social Development also requested JOSHCO's Community Development Unit to conduct community initiatives which will focus on informal settlements.

Community Development Unit identified Princess Plot informal settlement which is close to our recently launched project Ekhaya Gardens for a proposed Waste Management project with the objective of creating short-term employment and environmental awareness to the community of Princess Plot Informal Settlement.

**Table 22.: Partnership projects with Department of Social Development in this quarter**

Project Name	Engagement Date	Type of engagement
Waste Management	18 July 2024	Community situation analysis with and proposal report
Administration	22 July 2024	Selection of unemployed candidates from JOSHCO projects
Bricklaying	22 July 2024	Selection of unemployed candidates from JOSHCO projects
Tiling	22 July 2024	Selection of unemployed candidates from JOSHCO projects
Occupational Health and Safety	22 July 2024	Selection of unemployed candidates from JOSHCO projects
National Shelter Movement	12 August 2024	24/7 Helpline for women and children who are victims of GBV. Provision of mental health and psychosocial
Centre for the study of Violence and Reconciliation (CSVR)	12 August 2024	Services to survivors of violence
Liberty	16 August 2024	Women's financial empowerment

## 5.7 EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The EPWP is a government strategy aimed at addressing unemployment by creating job opportunities and enhancing skill development. It provides poverty and income relief while offering productive work experiences for the unemployed. The EPWP aims to ensure that a significant number of the unemployed is drawn into a productive work force and gain skills while they work.

### 5.7.1 Job creation

The JOSHCO Community Development unit currently manages EPWP contracts of workers that provide the following services: administration, cleaning, gardening, painting, pest control, security, and waste management.

**The total number of jobs created through the EPWP programme for Q1 is 321.**

**Table 23: Number of jobs created per programme:**

ADMINISTRATION	SECURITY	CLEANING	TOTAL
65	53	203	321



# CHAPTER 4

## HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



## SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration costs.

**Table 24: Personnel Cost by Occupational Level as at 30 September 2024**

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
Top Management (CEO, CFO, COO)	3	1 665 283,33	3%	555 094,44
Executive Managers	1	653 631,32	1%	653 631,32
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	35	9 904 561,75	18,10%	282 987,48
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin)	113	17 751 680,07	32%	157 094,51
Semi-Skilled (Driver, Receptionist, Call Center Agents)	5	325 505,72	1%	65 101,14
Internship	4	115 522,32	0%	28 880,58
Unskilled (Office Attendants, Security Officers, and Cleaners)	342	18 082 184,11	33%	52 871,88
EPWP	455	6 215 140,55	11%	13 659,65
<b>Total</b>	<b>958</b>	<b>54 713 509,17</b>	<b>100%</b>	<b>57 112,22</b>

Note: The salary costs below include costs for all permanent, Fixed-term employees and exclude board fees.

## SECTION 2: KEY VACANCIES

This section provides reporting on vacancies which were actioned, either by filling on an acting capacity or recruited for. The summary thereof is displayed in tables 3 and 4 below:

Fifteen (15) acting appointments were instituted.

**Table 25: Acting Appointments**

Designation	Acting Role	From	Reasons	Comments
Chief Executive Officer <b>Metropolitan Trading Company</b>	Chief Executive Officer	03 June 2024 to 03 August 2024	Acting because the incumbent is seconded to another department in the City.	Extended for 3months
Executive Manager:	Chief Executive Officer	27 August 2024 to 26 November 2024	Acting because the incumbent is seconded to another department in the City.	Board resolution to guide way forward.

Planning and Strategy				
Assistant Director: Human Capital	Executive Manager: Corporate Services	17 September 2024 to 30 November 2024	Acting because the position is vacant <i>(the recruitment process is placed on hold due to a dispute)</i>	Rotation will apply
Program Manager: Implementation	Chief Operations Officer	17 September 2024 to 30 November 2024	Acting because the position is vacant	Board resolution to guide way forward.
Manager: Finance	Chief Financial Officer	17 September 2024 to 30 November 2024	Acting because the position is vacant	Board resolution to guide way forward.
Senior Manager ICT	Executive Manager: Business Planning and Strategy	17 September 2024 to 30 November 2024	Acting because the incumbent is acting in a senior position	For the period aligned with the Acting CEO
Manager: Marketing and Communications	Executive Manager: Corporate Services	15 July 2024 to 15 September 2024	Acting because the position is vacant <i>(the recruitment process is placed on hold due to a dispute)</i>	Rotation applied
HR Officer	Manager: Human Resources	02 July 2024 to 12 July 2024	Acting because the incumbent was on Annual leave	Acting incumbent went back to substantive position
HR Officer: Labour Relations	Manager: Administration	01 August 2024 to 31 August 2024	Acting because the position is vacant <i>(recruitment to commence once the moratorium is uplifted)</i>	Rotation applied
Housing Supervisor	Portfolio Manager	01 July 2024 to 31 July 2024	Acting because the incumbent was on Annual leave	Acting incumbent went back to substantive position
Internal Auditor	Senior Internal Auditor	01 July 2024 to 30 September 2024	Acting because the position is vacant <i>(recruitment to commence once the moratorium is uplifted)</i>	Rotation will apply
Officer: Health and Safety	Manager: Administration	01 August 2024 to 30 September 2024	Acting because the position is vacant <i>(recruitment to commence once the moratorium is uplifted)</i>	Rotation will apply
Communication Officer	Manager: Marketing and Communication	14 July 2024 to 30 September 2024	Acting because the incumbent was acting in a senior position and went on Annual Leave thereafter	For the period aligned with the AEM: Corporate Services/Substantive Position
Project Manager	Program Manager: Implementation	01 July 2024 to 30 September 2024	Acting because the position is vacant <i>(recruitment to commence once the moratorium is uplifted)</i>	Rotation will apply
Specialist Monitoring and Evaluation	Manager Community Development	11 July 2024 to 31 July 2024	Acting because the incumbent was on Annual Leave	Acting incumbent went back to substantive position

### Recruitment in Progress as at 30 September 2024

- There were five (5) recruitment processes which were executed in the quarter under review (Chief Operations Officer, Chief Financial Officer and Manager: Risk and Compliance, Manager: Legal Services, and Compliance Specialist).
- The recruitment process of the Manager: Risk and Compliance position has been finalised.
- The recruitment processes of the Chief Operations Officer and Chief Financial Officer are pending finalisation.
- Shortlisting stage is underway for the recruitment processes of the Compliance Specialist, and Manager: Legal Services positions

**Table 26: Finalised Appointments**

Position	Vacancies	New Position/ Replacement	Status
Manager: Risk and Compliance	1	Replacement	Candidate to commence on 01 October 2024
<b>Total</b>	<b>1</b>		

Table 27 below consists of critical positions that are aimed to be filled to ensure the smooth running of the organisation's operations:

**Table 27: Critical positions to be filled**

No.	Critical Position	Department	Action taken
1	Manager: Legal Services	Office of the CEO	Position advertised, Shortlisting Stage underway
2	Chief Operations Officer	Office of the CEO	Recruitment pending finalisation
3	Chief Financial Officer	Office of the CEO	Recruitment pending finalisation
4	Compliance Specialist	Business Planning & Strategy	Position advertised, Shortlisting Stage underway
5	Manager: Risk and Compliance	Business Planning & Strategy	Candidate to commence on 01 October 2024

## 2.1 TERMINATIONS

This section refers to all employment contractual terminations within the quarter under review.

**Table 28: Terminations**

Department and Designation	Reason	End Date	Way Forward
Office of the CEO: Chief Financial Officer	Contract Ended	17 September 2024	Recruitment process underway

Office of the COO: Project Manager	Resignation	31 July 2024	To be advertised
<b>Total: 2</b>			

### SECTION 3: EMPLOYMENT EQUITY

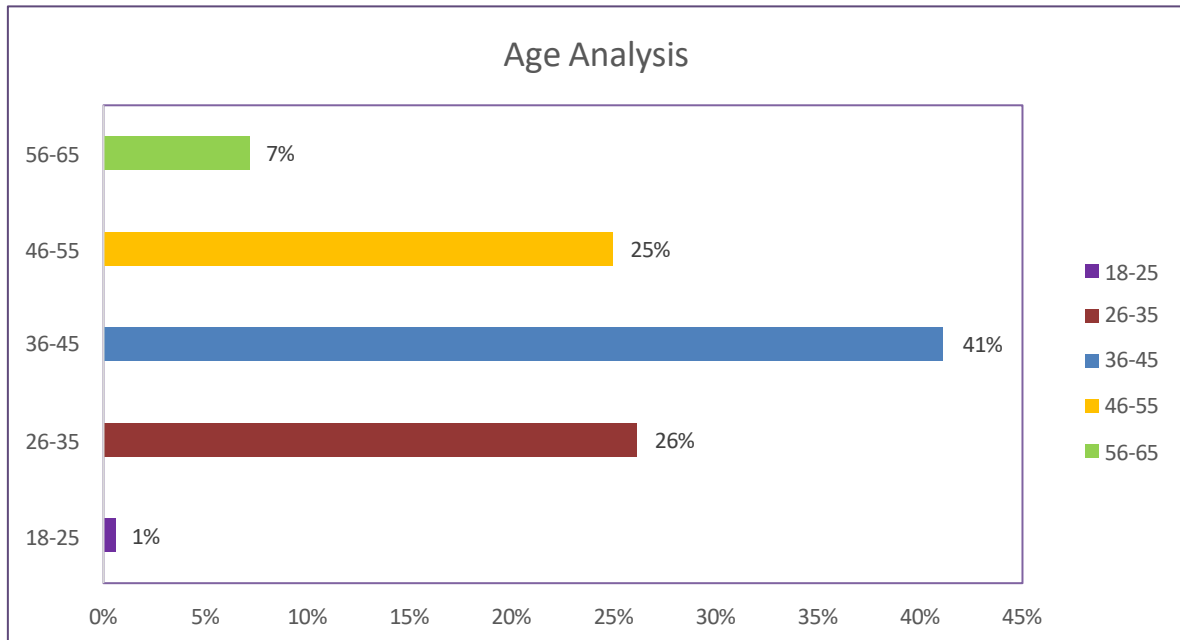
This section provides information on how the entity has performed and responded to the requirements of the Employment Equity Act, No. 55 of 1998, for the quarter under review;

- A new two-year Employment Equity Plan has been completed and approved by the Chief Executive Officer.
- The validity duration of the plan is from 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2026.
- The finalised plan has been shared with both Organized Labour and Management, and educational workshops for JOSHCO employees were conducted in the previous quarter.
- All JOSHCO employees will receive communication regarding the plan in October 2024.

Table 29 below reflects the EE profile of the organisation:

Employment Equity Profile															
Occupational Level	Male				Female				Foreign Nat.		Local		Grand Total	Racial % Profile	Female Gender Representation % Achievement
	A	C	I		A	C	I	W	M	F	M	F			
Top Management	1	0	0	0	1	0	0	0	0	0	1	1	2	100%	50%
Senior Management	0	0	0	0	1	0	0	0	0	0	0	1	1	100%	100%
Professionally Qualified / Middle Management	20	0	0	2	9	0	1	0	1	1	22	10	34	86%	33%
Skilled Technically and Academically Qualified	47	3	0	0	60	3	1	1	0	0	50	65	115	99%	56%
Semi-Skilled	2	0	0	0	1	0	0	0	0	0	2	1	3	100%	33%
Unskilled	153	2	0	0	186	3	0	0	0	0	155	189	344	100%	55%
<b>Total</b>	<b>225</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>259</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>232</b>	<b>267</b>	<b>499</b>	<b>99%</b>	<b>53%</b>

### 3.1 AGE PROFILE



41% (the majority) of JOSHCO’s staff is aged between 36 and 45, and 27% of our workforce is classified as youth, which is in line with our strategy to reduce the unemployment rate of the youth.

### SECTION 4: SKILLS DEVELOPMENT AND TRAINING

This section provides information on skills development and training. The entity is invested in the enhancement of employees’ hard/soft skills and succession planning to strengthen our employee development initiatives. This is promoted through short-term learning programs (training sessions), mid-term training programs (short learning courses), and long-term training programs (bursaries).

#### 4.1. BURSARY UPDATE FOR QUARTER 1 (2024/25)

##### Long-term training

The next bursary intake is scheduled for November 2024. This is in line with the Training and Development Policy.

#### 4.2 TRAINING INTERVENTIONS FOR QUARTER 1 (2024/25)

##### Short-term learning/ mid-term training

- The Adult Basic Education Training (ABET) programme with 34 participants continued from the previous financial year. The participants wrote exams in August 2024 and are currently awaiting results.
- The newly appointed grading committee underwent a 2-day intense training. The purpose was to capacitate the members with the necessary skills and tools to execute their mandate. A total of 18 delegates were in attendance.

- In order to ensure that tender processes are expedited, a total of 30 employees attended a 5-day Bid Committee Training provided by the National School of Governance. This training was paid for in the previous financial year as such will have no impact on our current training expenditure
- A 2-day Performance Management training was held for HR personnel as well as the Shop steward committee members. The session was attended by 9 delegates.
- An Occupational Health and Safety Workshop was conducted for 215 EPWPs.

Implementing these interventions has significantly contributed to developing a more knowledgeable, ethical, and inclusive workforce. The total expenditure for these interventions amounted to **R122 300.00**, with an overall participation of 91 permanent employees and 215 EPWP's.

#### 4.3 WORKPLACE SKILLS PLAN (WSP) AND ANNUAL TRAINING REPORT (ATR)

- Not for reporting period

#### SECTION 5: PERFORMANCE MANAGEMENT

This section aims to provide an update on the organization's status in performance management contracting as per the Performance Management System policy.

The initial contracting took off to a very slow start with a negligible number of employees contracted. To mitigate the situation, online performance workshops were held, and email communication were sent to all employees.

**Table 30: Contracting update**

Department	Q1 Eligible Staff	Q1 YTD		% Outstanding
		Submitted	% Submitted	
Office of the CEO (CEO, IA, Legal & Cosec)	10	0	0%	100%
Office of the COO (COO, Housing Management, ICT, Community Development, Security, Stakeholder Relations)	446	14	3%	97%
Office of the CFO (CFO, SCM & Finance Core)	15	0	0%	100%
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	8	7	87,5%	12,5%
Corporate Services (EM, HR, Marketing, Health & Safety and Customer Services)	20	15	75%	25%

<b>Total</b>	<b>499</b>	<b>36</b>	<b>7,2%</b>	<b>92,8%</b>
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## **SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES**

This section aims to clarify the status of disciplinary hearings, grievances, investigations, appeals, and suspensions. Resources have been obtained from the City Core to facilitate the oversight of these issues

### **6.1. DISCIPLINARY MATTERS AS AT 30 SEPTEMBER 2024:**

Currently, there are 06 remaining disciplinary matters outstanding.

#### **New cases**

- One (1) disciplinary hearing was scheduled for 03<sup>rd</sup> and 04<sup>th</sup> September.
- Progress Status: Awaiting verdict from the Presiding Officer

#### **Ongoing Cases**

- One (1) employee representative proposed a plea agreement.

#### **Cases Under Review**

- Four (4) cases are under review to determine whether there are still grounds to institute disciplinary action against the employees, as the cases have been pending since 2021. The recommendation report has been approved by the Acting CEO and the communication outcome will be cascaded to the affected employees.

### **6.2. GRIEVANCE MATTERS AS AT 30 SEPTEMBER 2024:**

Seven (7) grievances were received as follows:

- Two (2) are awaiting resolutions from the Head of Departments.
- One (1) is scheduled for 20<sup>th</sup> of September 2024.
- Two (2) are escalated to step three as per the grievance procedure.
- One (1) is escalated to step two as per the grievance procedure.
- One (1) is escalated to the Acting Executive Manager for intervention

### **6.3. MATTERS AT BARGAINING COUNCIL/ CCMA:**

#### **CCMA referral**

One (1) was finalised on the 13<sup>th</sup> of August 2024, and the application was dismissed.



- Referred by EPWP

One (1) was scheduled on the 11<sup>th</sup> of September 2024, Settlement Agreement was reached.

- SALGBC referrals

One (1) is scheduled for the 29<sup>th</sup> to 31<sup>st</sup> of October 2024.

## SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hours Policy, JOSHCO employees are entitled to 24 days of leave per annum, to be taken at a time convenient to JOSHCO and agreed upon by management. Employees are also provided with 80 sick leave days in a three (3) year cycle. All leave applications are administered through an Employee Self-Service (ESS) system. This system allows employees to observe their leave balance and assists in omitting discrepancies in the SAP system.

Human Resources will support all departments by implementing and monitoring a leave planning system to ensure that staff members do not forfeit their annual leave days. The impact hoped for is an improvement in coordination of leave at a departmental level, which is aimed at achieving a seamless process of leave application/ approval, and a reduction in leave balances.

The table below provides a detailed overall leave taken in the quarter.

**Table 31: Leave Taken Analysis**

Type of Leave	July	August	September	Total Leave Days Taken	Increase/Decrease	Reason
Annual	166	193.44	197	722.44	Increase	Includes compulsory leave
Sick	53.94	58	36	147.94	Decrease	Change of Season
Family Resp. Leave	12	2	4	18	Decrease	Unpredictable/uncontrollable
Maternity Leave	23	7	0	30	Decrease	Unpredictable/uncontrollable
Unpaid Sick	15	0	0	15	Increase	Unpredictable/uncontrollable
Long Service	0	11	6	17	Increase	Periodic/Compulsory to qualifying staff
Study/Exam leave	3	2.88	5.44	11.32	Decrease	Exam season
<b>Total</b>	<b>272.94</b>	<b>274.32</b>	<b>248.44</b>	<b>961.70</b>	-	-

## 7.1. LEAVE ENCASHMENT

To efficiently monitor the encashment of leave, a mitigation measure has been applied, which provides employees with 16 compulsory leave days in their annual cycle. Only 8 days in an employee's leave cycle can be encashed. The 8 non-compulsory leave days can only be encashed once the employees have accrued 16 days of compulsory annual leave.

- In the period of July 2024 to September 2024, a total of 37 JOSHCO employees encashed 481 annual leave days, averaging 13 leave days encashed per employee, resulting in a total amount of **R 903 685.92**.
- Additionally, 170 Securities and Cleaners encashed 2 499 annual leave days during the same period, averaging 14.7 leave days encashed per employee, which amounted to **R 1 288 465.92**

## SECTION 8: EMPLOYEE BENEFITS

### 8.1 RETIREMENT FUND

Staff members are affiliated with the E-Joburg Retirement Fund, and contributions are calculated at 7.5% of the member's basic monthly salary, while the employer contribution is 18% of the basic monthly salary.

### 8.2 MEDICAL AID SCHEME

All permanent employees are eligible for a medical aid subsidy. Insourced employees (Security Officers and Cleaners) have the option to either opt-in or out of the benefit. The Employer Contribution is 60% up to a maximum of R5227.38, and the Employee Contribution is 40% depending on the number of dependents.

### 8.3 HOUSING SUBSIDY

All permanent employees are eligible for a monthly housing subsidy of R1 066.41. Eligibility is on the basis that the employee has a registered bond linked to their name. A total of 26 JOSHCO employees are beneficiaries of the housing allowance as of the end of September 2024. Additionally, a total of 2 Securities and Cleaners are beneficiaries of the housing allowance.

### 8.4. WELLNESS PROGRAMME

JOSHCO's Wellness Programme aims to promote a mentally and physically fit, conducive, and health-conscious workforce. This is endorsed through the facilitation of wellness-focused initiatives. JOSHCO offers all employees and their immediate family members access to the Lyra Wellbeing programme.

On 20th September 2024, the organisation launched a Wellness Event that adopted a comprehensive approach to employee wellbeing, emphasising various aspects of physical health. The health screening included assessments for blood pressure, blood sugar levels, total blood cholesterol, Body Mass Index (BMI), waist and hip circumference and ratio, as well as an HIV test. These screenings were designed to identify potential health issues at an early stage, facilitating more effective treatment options. The event also catered to employees' financial well-being by facilitating consultation sessions with FNB and Old Mutual.

Employees participated in health screening services where various specialist provided complimentary consultations. These consultations encompassed services from audiologists, dieticians, optometrist, dentists, podiatrists, physiotherapists, and orthoptists.

The primary objective of this initiative was to enhance awareness regarding the significance of healthy living to encourage employees to engage in regular health check-ups.

### **Impact of the Wellness Programme**

Having regular wellness checks for staff can promote healthier behavior in an organisation. These wellness checks encourage employees to make healthier lifestyle choices that should improve employees' physical, mental, emotional, and financial health. It also provides staff members with adequate skills, motivation, tools, and support to change unhealthy behaviors and adopt healthy habits. Healthier employee behaviors and a healthy lifestyle led to lower health risks and minimized chronic disease risk.

## **SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES**

The purpose of this report is to ensure that JOSHCO complies with all the applicable legislation and, where appropriate, institute additional measures to ensure Health and Safety at Head Office and Projects, and to update the Human Resource, Social and Ethics Committee, and Board of Directors on the progress made on Health and Safety in quarter 1 of the 2024/2025 financial year.

### **9.1 JOSHCO INCIDENTS STATISTICS**

**JOSHCO Fire incidents, Injury on Duty (IOD), First Aid incidents, medical treatment incidents and Total fatality incidents recorded. Table 32: JOSHCO's Incidents**

<b>Total Fire incidents</b>	<b>Total IOD's (Injuries on duty)</b>	<b>Total First aid incidents</b>	<b>Total Medical treatment incident</b>	<b>Total fatality incidents</b>
0	0	1	0	0

In Quarter 1, Zero (0) Fire incident have been recorded, Zero (0) IOD's, One (1) First aid incident, One (1) Medical treatment incidents and Zero (0) Fatality incidents have been reported thus far.

- On 04 September 2024 at approximately 10h10 Ms. B. Mahlangu got burned by the steam from a boiling kettle and sustained a minor (closed) burn wound. A burn shield was utilized from the first aid box to dress the wound up. Ms. Mahlangu managed to continue with her daily activities. **(First Aid Incident – The affected employee did not go to the hospital because of the less severe impact of the injury and the resources were adequate in the office to assist).**

## 9.2 HEALTH AND SAFETY ORIENTATION AND FACILITY CONTINGENCY

Table 33: Health and Safety Orientation and Contingency Recorded.

Health & Safety Induction (EPWP)	Safe work procedure (EPWP)	Business Continuity Planning (BCP) & Emergency Preparedness
A.A House -10	A.A House -10	Next evacuation drill is scheduled for October 2024. Backup generator remains in full tank capacity as a preparative measure in case of an emergency.
Ekhaya Gardens -10	Ekhaya Gardens -10	
Raschers - 9	Raschers - 9	
Fleuhof Junction -14	Fleuhof Junction -14	
Devland – 9	Devland – 9	
MBV - 2	MBV - 2	
Union Square -14	Union Square -14	
Textile – 6	Textile – 6	
Legae - 7	Legae - 7	
African Diamond 3	African Diamond 3	
Turffontein 22	Turffontein 22	
Riverside 17	Riverside 17	
Skhonsana 2	Skhonsana 2	
Bellavista 5	Bellavista 5	
Phumlani house 2	Tshedzani 25	
Tshedzani 25		
<b>Total:215</b>	<b>Total:213</b>	
In Quarter 1, Two Hundred and Fifteen (215) new members of the EPWP received a health and safety induction covering the following aspects:		
i. Health and safety policy.		

- ii. Duties of the employees at the workplace.
- iii. Roles and responsibilities of the emergency team members such as Fire Marshals, First Aiders and Safety Representatives.
- iv. Procedure to be followed in the event of an emergency.
- v. Reporting of incidents including injury on duty.

**Safe Work Procedure Training:** This effort provides orientation and directions for promoting a safe handling of different cleaning material, to prevent unwarranted body harm and to promote a safety culture. The Safe work procedure training was presented to 213 members.

**Facility BCP & Emergency Preparedness:** This effort provides the business support to ensure continuity of services at an acceptable level following disruptive incidents. The following disruptive incidents occurred in Q1:

- i. Power outage on 1<sup>st</sup> August 2024 due to Smith Street cable theft – Standby generator started at tank capacity of ¼ and ran for 8 hours, 678 litres was supplied at a cost of R30 000,00.
- ii. 29<sup>th</sup> August 2024 JOSHCO Head Office basement experienced a water flooding incident - The Joburg Water pipe leaked into underground utility fibre sleeves at the corners of Melle and De Korte Streets causing water to run into the basement parking.
- iii. Power outage (Ref. CP 3223983) on 11<sup>th</sup> September 2024 due to the Juta Street substation tripping – Standby generator started at tank capacity of 4/4 and ran for 16 hours; 303 litres was supplied at cost of R15 000,00. Topping the tank back to full capacity for contingency.



**Picture 1: Safety Induction.**



**Picture 2: Safe Work Process.**

### 9.3 FACILITY MANAGEMENT

Measures to prevent the basement flooding –

**Root Cause** - Joburg Water pipe leaked into the underground utility fibre sleeves, causing the water to run into basement parking. Oil sump did not generate sufficient pressure to pump up the water out of the basement parking.

**Corrective action** – A Purchase Order (PO) to replace the old Sump pump and a leaking Pressure has been issued, awaiting approval from the COO’s Office.

#### 9.4 HEALTH AND SAFETY INSPECTIONS

**Table 34: Health and Safety Inspections Q1 Findings**

<b>Site</b>	<b>Major findings</b>	<b>Status update by Housing Management</b>
<b>8 Abel Street</b>	Fire hose reel did not have water.	A PO was signed, and a follow up inspection is scheduled for 23 /09 / 24.
<b>Larosabel</b>	Firefighting equipment due for service by 31/09/24	Service action - awaiting approval.
<b>Devland</b>	Firefighting equipment due for service by 31/09/24	Service action - awaiting approval.
<b>AA</b>	Firefighting equipment due for service by 30/10/24	Service action - Planned maintenance budget allocated for October 2024 service.
<b>Raschers</b>	Firefighting equipment due for service by 30/10/24	Service action - Planned maintenance budget allocated for October 2024 service.
<b>Textile building</b>	Firefighting equipment due for service by 30/10/24	Service action - Planned maintenance budget allocated for October 2024 service.
<b>Phoenix</b>	Firefighting equipment due for service by 30/10/24	Service action - Planned maintenance budget allocated for October 2024 service.
<b>Riverside View</b>	Firefighting equipment due for service by 30/10/24	Service action - Planned maintenance budget allocated for October 2024 service.
<b>Dikgale Heights</b>	Firefighting equipment due for service by 30/10/24	Service action - Planned maintenance budget allocated for October 2024 service.



# CHAPTER 5

## FINANCIAL PERFORMANCE AND EXPOSURE





## SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES

An analysis of the financial position as at 30 September 2024 is reflected below in Table 35.

**Table 35: Statement of Financial Position as at 30 September 2024**

Description	30 September 2024	30 June 2024	Variance	Variance %
	R'000	R'000	R'000	
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	335	518	(183)	-35%
Loans to shareholders	5 958	5 958	-	0%
Current tax receivable	50	50	-	0%
Receivables from exchange transactions	1 346 083	1 235 904	110 179	9%
Receivables from non-exchange transactions	5 937	5 871	66	1%
VAT receivable	6 982	5 440	1 542	28%
Cash and cash equivalents	41 051	20 994	20 057	96%
<b>Total Current Assets</b>	<b>1 406 396</b>	<b>1 274 735</b>	<b>131 661</b>	<b>10%</b>
<b>Non-current assets</b>				
Property, plant and equipment	38 147	39 342	(1 195)	-3%
Intangible assets	6 858	6 869	(12)	0%
Investment in joint venture	20 650	20 650	-	0%
<b>Total Non-current assets</b>	<b>65 655</b>	<b>66 861</b>	<b>(1 207)</b>	<b>-2%</b>
			-	
<b>Total Assets</b>	<b>1 472 050</b>	<b>1 341 596</b>	<b>130 454</b>	<b>10%</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Loans from shareholder	1 655 920	1 309 093	346 827	26%
Borrowings - DBSA	1 499	2 141	(642)	-30%
Finance lease obligation	407	407	-	0%
Payables from exchange transactions	1 287 745	1 400 974	(113 229)	-8%
<b>Total Current Liabilities</b>	<b>2 945 571</b>	<b>2 712 615</b>	<b>232 956</b>	<b>9%</b>
<b>Non-Current Liabilities</b>				
Borrowings - DBSA	6 373	6 617	(244)	-4%
Finance lease obligation	-	-	-	0%
Deferred Income from non-exchange transactions	178	178	-	0%
<b>Total Non-Current Liabilities</b>	<b>6 551</b>	<b>6 795</b>	<b>(244)</b>	<b>-4%</b>
<b>Total Liabilities</b>	<b>2 952 122</b>	<b>2 719 410</b>	<b>232 712</b>	<b>9%</b>
<b>Net Assets</b>	<b>(1 480 072)</b>	<b>(1 377 814)</b>	<b>(102 258)</b>	<b>7%</b>
Share Capital	0,120	0,120	-	0%
Accumulated deficit	(1 480 072)	(1 377 814)	(102 258)	7%
<b>Total Net Assets</b>	<b>(1 480 072)</b>	<b>(1 377 814)</b>	<b>(102 258)</b>	<b>7%</b>

The paragraphs below provide explanations for the movements of assets and liabilities in the quarter

## **1.1. ASSETS**

### **1.1.1 Current Assets**

Current assets increased by R131, 66 million. Receivables from exchange transactions increased largely due to the some CoJ Departments not settling long outstanding debts while work on projects on their behalf are still ongoing. Engagements have been held monthly with CoJ Departments to settle long outstanding debts, which has yielded results with some departments making payments or committing to make payments on finalization of payment processes. In addition, the challenge has been escalated to the CoJ Municipality, and a detailed report of the balances owed by the CoJ Departments has been prepared to submit to the Mayoral Committee for consideration in addressing the challenges raised by JOSHCO. The balances owed as at 30 September 2024 are also detailed in **Table 52** of this chapter.

### **1.1.2 Non-current assets**

Movements in non-current assets are as a result of depreciation and amortisation which is common accounting treatment to fairly present value of assets being utilised.

## **1.2. LIABILITIES**

Loans from shareholders increased by R346, 826 million (from R1,309 billion to 1,656 billion) mainly due to the entity not receiving funds owed from various entities where JOSHCO is an implementing agent for their projects. Engagements have been held monthly with CoJ Departments to settle long outstanding debts; some departments have committed to make payments on finalization of payment processes. Included in current liabilities is the current portion of the long-term loan from the DBSA. Payables from exchange transactions have decreased by 8%, which is a result of allocation of cash to JOSHCO to settle some of the outstanding and overdue Trade payables from contractors and service providers. JOSHCO is continuously engaging Group Finance (Treasury) on a weekly basis for allocation of cash to settle invoices incurred from service providers.

There has been no change in the composition of non-current liabilities. The Finance lease contract is due to expire on 30 June 2025, and therefore there is no obligation beyond 12 months (i.e. no non-current liability portion)

## **SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES**

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 September 2024 resulted in a deficit of R102, 253 million per Table 36 below.

**Table 36: Statement of Financial Performance for the period ended 30 September 2024**

Statement of Financial Performance for period ended 30 September 2024				
	Actual	Approved Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000		
Rental Income	41 863	36 694	5 169	14,09%
Subsidies	33 375	33 375	-	0,00%
Management Fees	3 884	15 155	(11 271)	-74,37%
Interest Income	8 749	6 339	2 410	38,02%
Utility Recoveries	1 093	504	589	116,87%
Other Income	158	271	(113)	-41,70%
EPWP Government Grant	4 128	-	4 128	100%
<b>Total Revenue</b>	<b>93 250</b>	<b>92 338</b>	<b>912</b>	<b>0,99%</b>
Personnel costs	(51 709)	(47 583)	(4 126)	-9%
Board fees	(744)	(612)	(132)	-22%
Debt impairment	(22 861)	(6 602)	(16 259)	-246%
Depreciation and Amortisation	(1 207)	(426)	(781)	-183%
Finance Costs	(30 768)	(251)	(30 517)	-12158%
Bad debts written off	(476)	-	(476)	-100%
Repairs and Maintenance	(22 730)	(17 818)	(4 912)	-28%
Security	(16 539)	(535)	(16 004)	-2991%
Utilities	(30 808)	(7 862)	(22 946)	-292%
Administrative	(17 660)	(10 648)	(7 012)	-66%
<b>Total Expenditure</b>	<b>(195 503)</b>	<b>(92 338)</b>	<b>(103 165)</b>	<b>-112%</b>
Operating (Deficit)/Surplus before tax	<b>(102 253)</b>	-	<b>(102 253)</b>	<b>-100%</b>
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	<b>(102 253)</b>	-	<b>(102 253)</b>	<b>-100%</b>

## 2.1. REVENUE

### 2.1.1. Composition of Revenue

The entity's revenue is derived from the streams per Table 37 below.

**Table 37: Composition of Revenue**

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	41 863	36 694	45%
Subsidies	33 375	33 375	36%
EPWP Government Grant	4 128	-	4%
Management Fees	3 884	15 155	4%
Interest Income	8 749	6 339	9%
Utility Recoveries	1 093	504	1%
Other Income	158	271	0%
<b>Total Revenue</b>	<b>93 250</b>	<b>92 338</b>	<b>100%</b>

Total revenue is slightly above budget by R912 thousand. The biggest contributor to revenue earned in the current financial year is rental income, making up 45% of total revenue. Rental income is 14% over budget due to tenant allocation of projects was higher than projected as a result of the use of JOSHCO APP. i.e. Ekhaya Gardens, Riverside View and Lufhereng. Management fees have decreased by 74% due to no new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing JOSHCO to be an implementing agent for any of the CoJ departments except the Department of Human Settlements. The interest income charged on overdue rental debtors is above budget by 38% due to the high levels of long outstanding and historic debt from tenants.

### 2.1.2 Revenue Collection

The entity's collection levels resulted in 61% for current tenant rentals for the 1st Quarter of 2024.25 FY ending on 30 September 2024 as shown in **Table 38** below. Collections in respect of SHRA funded Projects is 66%, JOSHCO Projects is 77%, and City Stock at 29%, whilst the Retail space is at 96%. The collection rate excluding city referral stock is 70%.

The collection rate has decreased when compared to the previous quarter from 69% to 61%.

**Table 38: Q1 Collection Rates**

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL (R'000)
	R'000	R'000		
SHRA Projects (10)	24 963,96	-16 430,55	66%	8 533,41
JOSHCO Projects (11)	6 759,90	-5 219,76	77%	1 540,14
City Referral (10)	8 907,64	-2 591,10	29%	6 316,54
Retail Space (9)	2 047,32	-1 959,04	96%	88,27
<b>OVERALL COLLECTION</b>	<b>42 678,81</b>	<b>-26 200,45</b>	<b>61%</b>	<b>16 478,36</b>

### 2.1.3 Revenue Collection by debt collection companies

The company uses the services of debt collecting companies to collect rental debt over 90 days and above R10 000. The service providers are remunerated on a commission basis of 12,5% of the total amount recovered from each debtor as a consideration for providing pre-legal debt collection and tracing services where applicable.

The performance of the debt collection companies is shown in Table 39. For the 1st quarter of the 24-25 financial year, the companies have collected R1,92 million (1,13%) from the R169, 395 million handed over to the debt collection companies, whereas in the 23-24 financial year (12-month period) R8,1 million (4,83%) was collected from the R166,2 million handed over to them for collection. The entity is currently reviewing the effectiveness of this method of collection as it currently displays a pattern of downward performance from the collection companies.

**Table 39: Performance of debt collection companies for the current year to date**

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-24	3 552	166 744	665	0,40%
Aug-24	3 552	172 045	615	0,36%
Sep-24	3 285	169 395	640	0,38%
<b>TOTAL YEAR TO DATE</b>	<b>3 285</b>	<b>169 395</b>	<b>1 920</b>	<b>1,13%</b>

In trying to prevent the debt to escalate and to get the tenants to pay whilst the debt is still affordable the company has introduced various settlement discount vouchers for tenants. In addition to the vouchers processed, we are also looking at system write-offs for all closed accounts in our books as those tenants have since vacated and the units are occupied by paying tenants. Tenants who vacated and got evicted with balances owed are blacklisted with all Credit Bureaus.

## 2.2 EXPENDITURE

**Analysis of major expenses with significant variances (5% and above or significant balance) between actual and budget:**

- a) **Personnel costs:** The employee cost is 8% over the year-to-date budget due to salary adjustments (PFA) and backdate payments on SALGA adjustment.
- b) **Board fees:** The director's remuneration (board fees) is 22% above budget. Board fees are a variable cost that is affected by the attendance of members for various meetings. Special sittings of ARC and Board for AFS approval are also a contributing factor.
- c) **Debt impairment:** The debt impairment is under budget due to the high rate of debt write off as tenant debt ages.

- d) **Depreciation and Amortisation:** Depreciation and amortisation is 183% over budget due to the purchase of property, plant, and equipment for the head office, tools of trade for office based staff which also includes computer equipment as well as IT software and licenses to improve ICT security of the organisation.
- e) **Finance costs:** Finance costs exceed budget by R30,517 million due to interest incurred on negative Sweeping account (overdraft) arising from delays in receiving payment from projects undertaken on behalf of COJ departments.
- f) **Bad debts written off:** These are irrecoverable amounts per the conditions of the bad debt write off policy.
- g) **Repairs and Maintenance:** Repairs and maintenance expenditure is 28% above budget due to an increase in unplanned maintenance caused by deteriorating buildings where planned maintenance has not been conducted in a number of years due to financial constraints. Efforts to reduce the risk of overspending are currently underway, being led by the Housing Management Department in conjunction with Finance.
- h) **Security:** Security services is R16 million above budget due to an increase in buildings under management, buildings which are still in the planning phase and no contractor is appointed and sites where contractors have been terminated. The number of guards insourced are not sufficient to cover the security requirements of the entity's building portfolio.
- i) **Utilities:** The utilities expenditure is R23,343 million above budget largely due to unavoidable utility costs incurred more than available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects in phases due to budget constraints. A flat rate for water is being charged while the water meters are being sourced and installed across JOSHCO projects.
- j) **Administrative costs:** The administrative costs are R6,9 million above budget largely due to increase in legal costs for ongoing investigations and rental collection processes, eviction processes and contracted services for business process improvements.

### SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 30 September 2024 is R41,051 million. The tenant deposit account has a balance of R38 million. The SHRA account has a balance of R2 million. An amount of R1,656 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans (from) shareholders).

### SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The approved capex budget for the 24/25 financial year is R271,916 million (23/24: R337,5 million) funded from the external funding sources (EFF) capital reserves (CRR) and grants (MIG). As at 30 September 2024, JOSHCO's verified spend for the quarter under review is R68, 843 million, which is 25% of the total CAPEX budget approved, and is also the target for JOSHCO for Q1. This is reflected in Table 40 below. The detailed budget per project is shown in Table 41.

Table 40: CAPEX Spend

<b>SOURCE</b>	<b>APPROVED BUDGET</b>	<b>CLAIMS TO DATE</b>	<b>%</b>
EFF -350	205 910 706,00	63 924 161,62	31%
CRR-360	19 005 394,00	4 919 312,29	26%
MIG-373	47 000 000,00	-	0%
<b>TOTAL</b>	<b>271 916 100,00</b>	<b>68 843 479,91</b>	<b>25%</b>



**Table 41: Capex Spend Per Project**

Project Name	Adjusted Budget	Expenditure to date	Balance
EXISTING STOCK REDEVELOPMENT AND UPGRADE	5 849 900,00	7 078 005,95	(1 228 105,95)
30042 - Kelvin	7 000 000,00	3 464 249,51	3 535 750,49
LOMBARDY EAST HOUSING PROJECT New Housing	8 060 806,00	8 022 403,72	38 402,28
LOMBARDY EAST HOUSING PROJECT New Housing	2 005 394,00	3 761 201,86	(1 755 807,86)
LUFHERENG SOCIAL HOUSING PROJECT New Hou	7 000 000,00	-	7 000 000,00
NANCEFIELD STATION HOUSING/KLIPSPRUIT ST	55 000 000,00	21 895 120,54	33 104 879,46
Selkirk Social Housing project New Housi	40 000 000,00	-	40 000 000,00
Golden highway Social Housing project Ne	40 000 000,00	8 726 297,56	31 273 702,44
Malvern Building Conversion	7 000 000,00	660 000,00	6 340 000,00
38 Rissik Street (NBS) Inner City Buildi	7 000 000,00	3 184 509,28	3 815 490,72
Booyens Place Inner City Building C	30 000 000,00	-	30 000 000,00
Smit Street Inner City Building Conv	10 000 000,00	-	10 000 000,00
Marlboro Social Housing Project Regi	5 000 000,00	1 066 770,51	3 933 229,49
Turn-Key 1: Region A	30 000 000,00	2 398 967,32	27 601 032,68
Turn-Key 1: Region B	1 000 000,00	-	1 000 000,00
Park Chambers	10 000 000,00	498 110,43	9 501 889,57
Frank Brown/ Milpark Social Housing Deve	6 000 000,00	5 986 787,23	13 212,77
Turn-Key : Region F ( Denver Social Housing)	1 000 000,00	2 101 050,00	(1 101 050,00)
<b>Total</b>	<b>271 916 100,00</b>	<b>68 843 473,91</b>	<b>203 072 626,09</b>

## SECTION 5: RATIO ANALYSIS

The following financial ratios are crucial in measuring the financial stability of the entity:

**Table 42: Key Ratio Analysis as at 30 September 2024**

KEY PERFORMANCE INDICATOR	2024/25 TARGET	QUARTER 1 TARGET	QUARTER 1 PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios % collection in respect of current debtors	Current ratio 1:1	1:1	0.48	-0.52
	Solvency Ratio 1:1	1:1	0.50	-0.50
	80% collection in respect of current debtors	100%	61%	-39%

KEY PERFORMANCE INDICATOR	2024/25 TARGET	QUARTER 1 TARGET	QUARTER 1 PERFORMANCE	VARIANCE
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt (figures as at September)	100%	28%	-72%
% Capital Expenditure Budget.	100% Expenditure of Approved Capital Budget.	25%	25%	0%

It is important to note that JOSHCO's cost coverage ratio is -1 743 days. This implies that JOSHCO currently does not generate enough cash to cover its monthly fixed operational costs.

**5.1 MITIGATION ACTION**

**5.1.1 Current Ratio and Solvency Ratio**

The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utilities, finance costs and repairs and maintenance costs.

- The entity's reviewed 5-year strategy to improve the entity's financial sustainability is under implementation as follows:
  - Increase in management fee income earned on projects implemented on behalf of other COJ entities – work on behalf of Human Settlements has resumed however this strategy is still derailed by halting of work on behalf of other departments due to SDA issues.
  - Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%. Additional student accommodation projects are being considered to raise more cash due to their good performance in rental collection.
  - Commercial spaces –maximise commercial spaces available for additional revenue to be generated.

Strategies to reduce expenditure are as follows:

- Staff costs: Overtime management by line managers and management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken. Controls around EPWP management to be strengthened.

- Utilities – Prepaid meters are being rolled out in projects budget permitting. A flat rate for water is being charged while the water meters are being sourced and installed.
- Security – Implementing of cost cutting measures are in place, i.e. lower grade guards and reduction in number of guards where possible.

In addition to the above, the following measures are being considered in attempts to manage operational costs

- Investigation of utilities billing to ascertain whether there may be a billing error resulting in high water and sanitation costs.
- Engagements being held with Department of Human Settlements to effectively hand over City referral stock and also costs associated with managing those projects that are being incurred by JOSHCO.
- The BEC is to be mandated to negotiate savings with the approved service provider/s and those should be included in the final service level agreement.
- Where feasible, testing of the market is to be performed prior to finalising budget for new tenders to be advertised to ensure that JOSHCO will procure goods and services in the most economical manner.

#### **5.1.2 Collection in respect of current debtors**

- The rental collection is improving due to initiatives like targeted evictions, interest reversals, acknowledgment of debt and discount vouchers. All new leases and lease renewals will be confirmed by the signing of a DebiCheck (debit order). Only valid lease holders will be able to enter our premises via a biometric system.
- Implementing departmental changes to reduce costly inefficiencies, respond to new competitive markets, and develop strategies to move forward successfully.
- Introduction of in-house electricity vending system and installation of smart meters to better manage and control utility bills.
- Active call to defaulting tenants to sign acknowledgement of debt (AOD's) and make payment arrangement for long outstanding debt.
- Launch of new freeze and reversal promotion for current and historical interest charges for tenants who sign AOD's.
- Improved credit evaluation process for new tenant applications.
- The entity has identified stock that should not form part of the social housing or affordable housing portfolio. The board has approved for this stock to be returned to the city. CoJ Council has approved transfer of this stock to CoJ Department of Human Settlements during the Council meeting held 30-31 July 2024.

## SECTION 6: SUPPLY CHAIN MANAGEMENT AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT

### 6.1 DEVIATIONS ON SCM

There were no approved deviations for the quarter under review.

### 6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 30 September 2024, only 28% of valid invoices were paid within 30 days per Table 43 below. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.

**Table 43: Payments within 30 days for Quarter 1**

Period	Total number of supplier payments	Total number of valid supplier invoices paid within 30 days	Total number of invoice received in the period	% Paid within 30 days	Total number of invoice not paid within 30 days	% Not paid within 30 days
Quarter 1	1751	1 034	3 732	28%	2 698	72%

**Table 43.1 Rand value of 30 days for Quarter 1**

Period	Total Rand value of invoices paid	Amount paid within 30 days	Amount paid not within 30 days
Quarter 1	R373 206 853,15	R237 505 371,87	R134 701 481,28

### 6.3 REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There were no instances of irregular expenditure identified for the quarter under review. The fruitless and wasteful expenditure for the quarter amounted to R6 606 emanating from unauthorized debit orders in the JOSHCO account. The matter is under investigation by GFIS.

There is potential irregular expenditure on the year-to-date overspend of the budget of over R78, 6 million should the entity's deficit position not reverse by the end of the financial year.

### 6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

There were no approved variation orders for the period under review.

## 6.5 AWARDS MADE FOR THE QUARTER.

The table below details all awards made via a public tender (above R750 000) or through our approved panels (above R1 million) for the quarter under review.

**Table 44: Awards for the Quarter**

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE / YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBB EE LEVEL
PHYSICAL SECURITY SERVICES/001/2024	APPOINTMENT OF A PANEL FOR RENDERING OF GUARDING SECURITY AND ADHOC SECURITY SERVICES FOR JOSHCO SPECIAL PROJECTS ON AS WHEN REQUIRED BASIS	HOUSING MANAGEMENT	23 APRIL 2024	26 JULY 2024	81 PANEL MEMBERS	N/A	WINNING BIDERS	N/A	N/A	N/A

## 6.6 ANALYSIS OF EXPENDITURE FOR THE QUARTER

This section provides reporting on the nature of expenditure per category (i.e., CAPEX and OPEX), ownership and BBBEE levels of contributions. This expenditure includes expenditure done on behalf of other CoJ departments.

**Table 45: Expenditure by sourcing process (Nature)**

<b>a) Total Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 1 R'000</b>	<b>% of total expenditure</b>
Capital Expenditure	244 517	68
Operational Expenditure	114 536	32
<b>Total Expenditure</b>	<b>359 053</b>	<b>100</b>

<b>b) Capital Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 1 R'000</b>	<b>% Of Capex expenditure</b>
Professional Consultants	98 216	40
Contractor Payments	146 301	60
<b>Total Expenditure</b>	<b>244 517</b>	<b>100</b>

<b>c) Operational Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 1 R'000</b>	<b>% Spend</b>
Procurement <R200 000	5 695	5
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	1 000	1
Operational Expenditure	12 925	11
Security Services	1 165	1
Repairs and Maintenance	93 751	82
<b>Total</b>	<b>114 536</b>	<b>100</b>

## 6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 34 to 36.

Table 46: Summary of spent to at least 51% black owned companies.

Period	Total OPEX from procurement activities	OPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	114 536	7 774	93%

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	244 517	225 034	92%

Table 47: Summary of spend on women owned companies.

Period	Total OPEX from procurement activities	OPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	114 536	22 183	19.4%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	244 517	10 184	4.2%

Table 48: Summary of spend on youth owned companies.

Period	Total OPEX from procurement activities	OPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	114 536	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	244 517	0	0%



## SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

Matters reflected in the below table are expected to be finalised before the end of the calendar year, and parties are in the process of exchanging all the necessary court papers.

**Table 49:** Matters reflected in the below table are matters carried over from the previous financial year and are expected to be finalised before the end of this financial year.

Parties are in the process of exchanging all the necessary court papers.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
1.	Applications for demolitions in respect of the Dobsonville Social Housing Project.	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	<p>The matter concerns eight properties/illegal structures surrounding JOSHCO's Dobsonville project, which are encroaching onto the site. Attorneys were appointed to institute court applications for demolitions. One matter was settled with the property-owner, two were opposed and the remaining five were unopposed. Five demolition orders were previously executed.</p> <p><b>Progress:</b> There were two remaining structures that had to be demolished. One of the two structures was demolished on 24 January 2024. The court application to demolish the remaining structure was issued in court with the case number 4255/ 2024. Thereafter JOSHCO's attorneys filed all necessary court papers and applied for a court date, in which it was anticipated that a court date was to be obtained in the first quarter of this financial year 2024/2025. Whilst the attorneys were awaiting to obtain a court date, the respondent's attorneys sent communication in the first quarter requesting that the matter be settled out of court through a proposal settlement. Since then, there has been exchange of communication between JOSHCO's attorneys and the respondents regarding the terms of the proposed settlement. Once the parties reach a consensus on the terms of the proposed settlement, JOSHCO's attorneys will then proceed to draft a settlement.</p>	30/06/2020	The matter is ongoing. Six demolition orders have been executed thus far.	Expenditure to date: R 785 932,29 spent on legal fees.

2.	Various evictions and recovery of outstanding rental.	Various	<p>There has been a total of 31 eviction orders obtained since inception of eviction applications in 2019. Seventeen of these orders have been successfully executed.</p> <p><b>Progress:</b> Eight evictions were placed on hold as JOSHCO needed to complete the process of procuring the security services. Four (4) evictions were to be carried out this quarter. Three (3) evictions were executed. In one (1) matter the tenant had already vacated the unit before eviction took place.</p>	2019	Matters are ongoing.	<p>Expenditure to date: R 5 571 322,48 spent on legal fees.</p> <p>Projected expenditure up to 30 September 2024: R240 000</p>
	<b>PARTIES AND NATURE OF THE MATTER</b>	<b>ATTORNEYS</b>	<b>STATUS AND PROGRESSION</b>	<b>INCEPTION DATE</b>	<b>OUTCOME</b>	<b>COST IMPLICATIONS</b>
3.	Social Housing Movement and 5 others // JOSHCO and 3 others	ENSAfrica	<p>Court application lodged by the Social Housing Movement and various tenants against JOSHCO, Social Housing Regulatory Authority, CoJ Municipality, and the Department of Human Settlements (Province). The application seeks to compel JOSHCO to convert leases into rent-to-own agreements, and to further prevent JOSHCO from evicting tenants without obtaining "suitable alternative accommodation".</p> <p><b>Progress:</b> JOSHCO's attorneys obtained a court hearing date for 02 June 2025. We are currently waiting for the hearing.</p>	12/09/2022	The matter is ongoing.	<p>Expenditure to date: R382 653,90</p> <p>Projected expenditure up to 30 September 2024: R19 182,00</p>
4.	Tenants of BG Alexandra Flats // Madulammoho Housing Association NPC, JOSHCO and 4 others	ENSAfrica	<p>Court application lodged by tenants of BG Alexandra flats against JOSHCO, Madulammoho Housing Association NPC, JOSHCO and Madulammoho Joint Venture, CoJ Municipality, Social Housing Regulatory Authority, and the Provincial Department of Human Settlements. The application seeks to compel JOSHCO and all other respondents to provide the applicants with "RDP houses from any social housing project around the Johannesburg area", to prohibit JOSHCO and the rest of the respondents from evicting the applicants</p>	08/11/2022	The matter is ongoing	<p>Costs incurred to date: R 1 544 279,44</p> <p>Projected expenditure up to 30 September</p>

			<p>without providing them with RDP houses, and to further prohibit JOSHCO and other respondents from instituting eviction applications against child-headed units without providing alternative accommodation. Attorneys have been appointed to oppose the matter.</p> <p><b>Progress:</b> The matter was heard on 29 July 2024. The judgement is reserved, the court is to consider the submissions and arguments presented by the parties before rendering a decision.</p>			2024: R283 603,80.
5.	JOSHCO //Quick Prop Systems (Pty) Ltd	Mncedisi Ndlovu & Sedumedi Attorneys	<p>Court application instituted by JOSHCO against Quick Prop Systems (Pty) Ltd. Quick Prop Systems (Pty) Ltd was appointed by JOSHCO to develop a property management system, enhancement, and mobile application solution. The application seeks to review and set aside the appointment, based on misrepresentation by Quick Prop Systems (Pty) Ltd in their bid submission for the appointment.</p> <p><b>Progress:</b> JOSHCO's attorneys obtained a hearing date for 03 February 2025.</p>	12/03/2023	The matter is ongoing	Expenditure to date: R 419 310.90
6.	Property Corner Erf 166 (Pty) Ltd // Thlokomele Management, JOSHCO and Lowndes Dlamini Inc	Mncedisi, Ndlovu and Sedumedi Attorneys	<p>The matter relates to a court application lodged by Property Corner Eft 166 (Pty) Ltd, which is the owner of the land upon which the appointed developer (Thlokomele Management) is to develop social housing units for JOSHCO (Rivonia turnkey project). When the developer failed to secure funds to pay for the land, in an attempt to resolve the funding challenge and salvage the project, parties reached agreement for a simultaneous transfer of the property to Thlokomele, and then to JOSHCO. This arrangement would allow JOSHCO to pay for the land.</p> <p>In its court application, Property Corner Eft 166 (Pty) Ltd seeks an Order declaring that the conveyancer proceed with transfer of the property to Thlokomele, and to further pay over the purchase amount to Property Corner Eft 166 (Pty) Ltd. The application was</p>	20/04/2023	The matter is ongoing	Expenditure to date: R 220 157.44

			<p>necessitated by delays with transfer of the property. JOSHCO's challenge with the application and reasons for opposing it, is that the applicant's "prayer" or request to the court does not include a simultaneous transfer but only seeks to enforce the sale transaction between Tlhokomelo and the seller, while JOSHCO has advanced payments to the conveyancers. For this reason, JOSHCO is opposing the application. JOSHCO's argument is that the transaction cannot continue using JOSHCO's funds that are sitting in the conveyancer's trust account, and that the Court must dismiss the application, if not, that the order made by the court, include a simultaneous transfer of the property.</p> <p>JOSHCO terminated the Development Agreement due to several breaches committed by the developer.</p> <p><b>Progress:</b> The matter was heard on the 3<sup>rd</sup> of June 2024, with the court ordering that the property in question be transferred to JOSHCO. Attorneys have commenced with property transfers to transfer ownership of the property to JOSHCO. JOSHCO will need to take a decision on how to proceed with the project after receiving transfer of the property.</p>			
7.	JOSHCO//Tenants of Pennyville	ENSAfrica	<p>Urgent court application for an interdict brought against tenants of the Pennyville project. The application sought to restrain the group of tenants from interfering with the work performed by JOSHCO officials, and from endangering the lives of the officials.</p> <p>The application was heard on the 17<sup>th</sup> of August 2023 wherein an interim order was granted.</p> <p><b>Progress:</b> JOSHCO's attorneys advised that the matter cannot proceed as the application was brought on an urgent basis, and currently the application no longer meets the requirements for relief sought. The matter is currently on hold until further developments.</p>	17/08/2023	The matter is ongoing	Costs incurred to date: R1 188 710,43.

8.	JOSHCO//Illegal occupants of the Casa Mia building	Padi Attorneys	<p>Eviction application lodged on an urgent basis against illegal occupants of the Casa Mia building.</p> <p><b>Progress:</b> The matter was heard on 21 November 2023 wherein the court granted an order declaring the building unsafe for occupation and instructed the city to provide alternative accommodation for the illegal occupants. JOSHCO engaged the Human Settlements department regarding provision of alternative accommodation and was advised that Casa Mia occupants are to be accommodated at the Transnet building that the City is acquiring through JPC. Human Settlements is currently waiting for JPC to table the report at the next council meeting.</p>	20/09/2023	The matter is ongoing	Cost incurred to date : R 638 435.07.
9.	TSSN Carriers (PTY) Limited//Joshco Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	<p>JOSHCO appointed TSSN Carriers (Pty) Ltd in July 2019, for construction of 145 social housing units at Randburg. The contractor never commenced work due to a few outstanding town planning issues, which JOSHCO has been in the process of resolving. In June 2023 JOSHCO terminated the contract, on the basis that there had been no work on site for a continuous period of 90 days. The contractor disputed the termination and referred the matter to adjudication.</p> <p><b>Progress:</b> Outcome of the referral to adjudication was received on 27 May 2024.The adjudicator decided that he did not have jurisdiction to decide on the matter. TSSN thereafter submitted a settlement proposal to JOSHCO, which JOSHCO rejected. TSSN have applied for Arbitration. Our attorneys are currently in a process of securing a date to hold a pre-arbitration conference.</p>	26/03/2024	This is a new matter that was reported in Q3.	Cost incurred to date : R211 598,70

**Table 50:** The below table reflects matters wherein progress has been delayed due to various factors, such as lack of action from the other party, or challenges with locating parties for purposes of serving court papers. Legal opinions have been sourced on some of the matters, to assess JOSHCO 's merits of success, which will enable JOSHCO to take a decision on a way-forward.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
1.	JEH Properties //JOSHCO - Cancellation of Property Sale Agreement in respect of 195 Commissioner Street.	Dyason Attorneys	<p>Sale of immovable property at no. 195 Commissioner Street, bought for R 6 500 000. The Sale Agreement was signed on the 3<sup>rd</sup> of April 2014. JOSHCO initially attempted to cancel the Sale Agreement and recover the purchase price following the seller's failure to provide JOSHCO with vacant occupation. JOSHCO then instituted a court process for cancellation, which was later placed on hold after the attorneys advised JOSHCO to proceed with the sale as the full purchase price and transfer costs had been paid. It was however discovered that there was a bond registered over the property. In light of this, JOSHCO's attorneys were instructed to proceed with the initial claim for the purchase price and transfer costs. It was further discovered that the individuals identified in the illegal and fraudulent sale of said property to JOSHCO were linked to other hijacked properties.</p> <p><b>Progress on civil claim:</b> The defendants (seller and conveyancing attorney) have not yet filed their discovery affidavit. JOSHCO's attorneys are to bring an application to compel Discovery. The application to compel discovery has been delayed by the Court's practice directives in respect of enrolment of applications and the handling of the Court files.</p> <p>The legal department engaged attorneys on record and requested an opinion on the possibility of succeeding with claims against former JOSHCO officials who were involved in the transaction.</p>	22/05/2015	The matter is ongoing	<p>Expenditure to date: R38 775.00 (added R1 950)spent on legal fees.</p> <p>Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.</p> <p>Projected fees up to 30 September 2024: R15 000,00</p>

			<p>Based on the opinion received from the attorneys, JOSHCO's merits of success with such claims would be limited as the matter has also been investigated by the Special Investigating Unit, which did not implicate specific individuals from JOSHCO. The SIU confirmed that sellers and conveyancing attorneys had also defrauded other State entities.</p> <p>During JOSHCO's engagements with the SIU, attempts were made internally by the Legal officer to retrieve background information relating to the sale/transaction, but information was limited.</p> <p><b>Criminal investigation:</b> Upon engagements with the SAPS, JOSHCO's legal department was advised that the docket was submitted to the prosecutor for a decision, and the prosecutor advised that the Investigation Officer proceed with further investigations on the matter.</p>			
2.	<p>SKN Consulting // JOSHCO</p> <ul style="list-style-type: none"> <li>- Claim for damages.</li> </ul>	Tshiqi Zebediela Attorneys	<p>JOSHCO had appointed SKN Consulting ("SKN") as project managers on the Randburg Selkirk project. In 2014, SKN sent a notice to JOSHCO demanding payment of professional fees, alleging that JOSHCO had failed to pay the full fees for stages one and two of the projects. JOSHCO's reasons for non-payment of the full fees related to non-performance. JOSHCO then instituted a claim against SKN for damage suffered as a result of their non-performance. The matter was referred to arbitration.</p> <p><b>Progress:</b> Attorneys have applied for a hearing date and for the matter to be placed on an unopposed motion roll. They are currently awaiting for the hearing date.</p>	18/12/2015	The matter is ongoing.	<p>Expenditure to date: R 79 940.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 13 926 340.53 spent on professional fees, R 719 340.00 for damages</p>



						Projected fees for review application: R249 590.25
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## SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

The 2024/25 FY insurance renewal process for both Motor and Non motor insurance portfolios was completed. As of September 2024, there is a total of thirty-four (34) claims, of these one (1) is rejected and thirty-three (33) are active. During the quarter under review a total number of four (4) new claims were recorded. Three (3) of these claims relates to assets and one (1) claim is a third-party liability.

**Table 51: Insurance Claims as at 30 September 2024.**

Claim Type	Q1	Active	Rejected	Settled
EPL	5	5	0	0
Third-Party Liability	9	9	0	0
Assets	13	12	1	0
GPA	7	7	0	0
<b>Total</b>	<b>34</b>	<b>33</b>	<b>1</b>	<b>0</b>

Continuous monitoring and follow ups on active claims are done to keep track of these claims.

## SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

The amount which JOSHCO owes other departments or entities or that which other departments or government entity owe JOSHCO is shown in the table below.

**Table 52: Statement of amounts owed by or to government departments and public entities.**

Name of department	30 September 2024	30 June 2024	Account Status	Comments
City of Johannesburg: Sweeping account	-1 639 239 207,05	-1 439 740 179,79	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.  Follow up letters have been sent to departments.
City of Johannesburg: Salaries	-235 809 854,31	-227 363 142,96	180 days overdue	Operational subsidy is now applied to salaries.
City of Johannesburg: Municipal Charges	-383 030 930,24	-229 454 236,21	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: GCSS	-208 901 456,31	-190 635 920,95	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints

Name of department	30 September 2024	30 June 2024	Account Status	Comments
City of Johannesburg: Human Settlements	717 863 854,39	690 212 929,02	180 days overdue	DHS has paid JOSHCO R20 mil this quarter. Follow up letters have been sent to the department
City of Johannesburg: Treasury	5 958 169,39	5 958 169,39	180 days overdue	A meeting was held with Treasury. A commitment has been made to look into the transaction. No resolution as at the end of the quarter.
City of Johannesburg: CAM	179 841 939,72	159 300 613,61	180 days overdue	CAM has paid an amount of R19 mil in this quarter. R72m is over 180 days however R15 mil relates to current invoices.
City of Johannesburg: Health Department	7 947 608,44	8 147 298,76	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.
City of Johannesburg: Development planning GEF Project	2 141 642,22	2 141 642,45	180 days overdue	
City of Johannesburg: JDA	96 800,00	96 800,00		
City of Johannesburg: JPC	600,00	9 906 600,00		
City of Johannesburg: Community Development	172 444 178,31	168 150 404,38	180 days overdue	
City of Johannesburg: Legislature	46 823 417,73	46 823 417,73	180 days overdue	
City of Johannesburg: Group Finance	11 125 083,34		Current	
City of Johannesburg: JMPD	48 512 872,56	46 794 434,97	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.  Follow up letters have been sent to departments.
City of Johannesburg: EMS	30 592 881,18	32 241 079,67	180 days overdue	
City of Johannesburg: Office of the COO	14 853 943,35	14 853 943,35	180 days overdue	
City of Johannesburg: Transport	22 107 204,69	22 107 204,69	180 days overdue	
City of Johannesburg: Social Development	2 154 547,47	2 154 547,47	180 days overdue	
City of Johannesburg - EPWP Grant	64 500,00	13 418 106,58	60 days overdue	
City of Johannesburg: Licencing	4 056 469,07	4 056 469,07	180 days overdue	
<b>TOTAL</b>	<b>-1 200 395 736,05</b>	<b>-860 829 818,77</b>		

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<b>TOTAL</b>	<b>-1 200 395 736,05</b>	<b>-860 829 818,77</b>		

# CHAPTER 6

## INTERNAL AUDIT

## SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the first quarter of the 2024/2025 financial year, Internal Audit completed all the planned reviews.

Refer to **Table** for the detailed Internal Audit Plan. The following audits were completed in the first quarter:

- Financial Statement Review
- AOPO
- Housing Maintenance and Portfolio Management
- Follow – up on Internal Audit Findings

Below is the approved Internal Audit Plan for the 2024/2025 financial year, and it indicates the progress on the planned audits:

No	Name of Audit	Quarter				Progress
		1	2	3	4	
<b>Finance</b>						
1	Review of the Annual Financial Statements	X				Completed
2	Review of the Interim Financial Statements				X	Not Started
3	Supply Chain Management Audit			X		Not Started
4	Costing and Budget Management Audit			X		Not Started
5	Financial Discipline Review				X	Not Started
6	Tender Probity Review	X	X	X	X	Continuous
<b>COO OFFICE</b>						
7	Housing Maintenance and Portfolio Management Audit	X				Completed
8	IT Governance Review		X			Not Started
9	Business Continuity Plan, Disaster Recovery Plan and back-up Review				X	Not Started
10	Housing Leasing Management Audit				X	Not Started
<b>Planning and Strategy</b>						
11	Performance Information Review	X	X	X	X	Continuous
12	Fraud Prevention and Detection Audit			X		Not Started
13	SHRA Compliance Review		X			Not Started
14	POPIA Compliance Review		X			Not Started
<b>Follow - ups</b>						
14	Follow-up on Internal Audit Findings	X	X	X	X	Continuous
16	Follow-up on AG Findings			X	X	Continuous
<b>Investigations</b>						
17	UIFW Investigations Expenditure			X	X	Not Started



## SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

Table 53: below indicates the resolution of Internal Audit findings for quarter 1:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	29	29	9	20
Chief Operating Office (COO)	0	0	0	0
Corporate Services	7	7	7	0
Planning & Strategy	2	2	2	0
<b>Total</b>	<b>38</b>	<b>38</b>	<b>18</b>	<b>20</b>
%	100%	100%	47%	53%

## SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

AGSA is currently performing the review for 2023/2024, therefore we did not follow-up any external audit findings in this quarter.

## SECTION 4: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS)

In the first quarter of the 2024/2025 financial year, Internal Audit completed seven (3) audits and one (1) follow-up reviews. Based on the findings raised in this quarter's audits, Internal Audit concluded that the organization's controls are generally **adequate but ineffective**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors' recommendations and resolution of audit findings. However, the level of control environment is not at a satisfactory level. Management should ensure that controls are continuously monitored, this will assist in ensuring that organization's objections will be achieved.