

“WE
DELIVER
AFFORDABLE
AND SUSTAINABLE
SOCIAL HOUSING
IN JOBURG”



JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

FIRST QUARTER PERFORMANCE REPORT FOR THE 2021/2022 FINANCIAL YEAR.

(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
Fax number	:	086 240 6691
Website	:	<u>www.ioshco.co.za</u>
E-mail	:	<u>info@ioshco.co.za</u>
Bankers	:	Standard Bank of SA Limited
Auditors	:	Auditor-General

Vision

To become the best provider of quality, affordable social housing designed to global standards.

Purpose

JOSHCO's mandate is to provide and manage social and affordable rental housing for the lower income market as an integral part of the efforts to eradicate the housing backlog in the city. It is a special purpose vehicle to access National and Provincial grant funding which a city or department cannot.

Mission

To provide quality, resource efficient, economically sustainable, and affordable housing products, in locations that guarantee convenience to our customers, which address the needs of the community and the environment within Johannesburg, underpinned by customer-focused service delivery and effective management.

Approval:

<p><u>Nontobeko</u> <u>Ndimande</u></p> <p>Name & Surname Chief Financial Officer</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>19/10/2021</u></p>
<p><u>Victor Rambar</u></p> <p>Name & Surname Chief Executive Officer</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>19/10/2021</u></p>
<p><u>DHLAMINI</u> <u>THEODORE</u></p> <p>Name & Surname Chairperson of the Board</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>19/10/2021</u></p>
<p><u>Mlungisi</u> <u>Mabaso</u></p> <p>Name & Surname MMC</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>19/10/2021</u></p>

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CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CHAIRPERSON'S FOREWORD

JOSHCO aims to fulfil its organizational core mandate i.e., conversions of hostels to family units, purchasing and rehabilitation of Inner-City buildings. Developing and managing new Social Housing Projects as well as student accommodation. By doing that, JOSHCO continues to provide solution for the housing challenges that the City of Johannesburg is faced with through provision of affordable rental houses and social housing units mostly closer to economic hubs.



Performance to date, the Board noted the overall performance of the first quarter for the 2021/22 financial year. In the quarter under review, 16 targets were due for reporting of which 8 targets were achieved and 8 were not achieved. JOSHCO has managed to reach 98% occupancy rate although low rental collection rate of 56% remains a challenge. The other worrying factor was the CAPEX spent on SMMEs for the quarter which was at 3% of the Capital Budget. As JOSHCO we embrace the support of SMMEs, and we are putting measures in place to ensure improvement of SMMEs spend going forward.

For the month of August 2021, the Board approved the organizational structure which aims to fulfil the key strategic objectives and proper implementation of the operational plan. The Board remains confident that the company will turn around its performance through implementation of sustainable strategies on key performance areas such as creation of jobs through EPWP, student accommodation, completion of social housing units, SMMEs capital budget spent and rental collection.

JOSHCO continues to comply with the COVID19 regulations to ensure safety of its employees and further ensure the organizational sustainability. An employee vaccination awareness workshop aimed at encouraging employees to vaccinate was held in the month of September 2021.

Mr T Dhlamini
Chairperson
JOSHCO Board of Directors

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT



I would like to first highlight the economic data which I draw from the Stats SA. In its Q2 of 2021 publication, Stats SA indicated that the South African economy recorded its fourth consecutive quarter of growth, expanding by 1,2% in the second quarter of 2021 (April–June). The performance followed a revised 1,0% rise in real gross domestic product (GDP) in the first quarter. Despite the gains made over the last four quarters, the economy is 1,4% smaller than what it was before the COVID-19 pandemic.

This shows the extent of economic setback that the country has suffered. JOSHCO, has not yet recuperated from the impact of the national measures that were put in place to fight the pandemic. Our tenants are struggling to honour their rental obligation and the rent collection trend in the company support the narrative of job losses and/or pay cut that most of our tenants are confronted with.

Beginning of the quarter, the country has witnessed another economic disruption caused by protest, looting and violence in parts of provinces such as KZN and Gauteng. The sector that was affected the most was the retail sector where some of our tenants receive income from. The entity continues to extend its support through the rent relief and incentive program that is implemented to encourage tenants to settle long outstanding debt.

The entity is gradually recovering from the previous financial year underperformance trend on the organizational scorecard. We have achieved half of the targets set for the first quarter, and this is attributed to commitment that was shown by every JOSHCO staff despite working remotely. While we have shown strides in changing our performance to a positive outlook, more work still needs to be done to change our financial performance. We have recorded a deficit of over R20.5 million due to low-income generation and number of expenses that were above budget. While acknowledging the challenges we are faced with, this is financial performance situation that we endeavor to change and currently putting various measures such as cost containment to reduce expenditure.

In conclusion, I would like to encourage JOSHCO staff to continue working tirelessly towards achieving our goals and mandate that directly affect the wellbeing of City of Johannesburg citizens. My sincere gratitude to the Board for always providing strategic support for the betterment of the organisation

Mr. Victor Rambau (MBA)

Chief Executive Officer

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

The biggest contributor to revenue is rental income making up 61% of total revenue. Total revenue is 16% (R10.1 million) above budget. This is a clear indication that our revenue improvement strategies are beginning to show results. The main reason for revenue being above budget is Management fees by above budget by 158% (R13.6 million) due to increased projects on behalf of other departments.

The entity's collection levels continue to decrease, we have collected 56% for current tenant rentals against a collection target of 90%. Of the total of 8 325 tenants billed, 4% (313) have indicated they are unemployed, 1% (115) have indicated that they have lost their job due to COVID-19 and 3% (263) are on record as refusing to pay. The debt collection company has been instructed to proceed with eviction processes for the tenants who have stated their refusal to pay.

The company uses the services of a debt collecting company to collect debt over 90 days. For the quarter under review, the company has collected R2.3 million (1.8%) from the R133.4 million handed over to them for collection.

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the quarter ended 30 September 2021 resulted in a deficit of R20.5 million. The deficit is as a result of the entity not being able to generate sufficient income to cover their fixed expenses and several expense line items being over budget due to budget constraints as detailed below.

Expenditure

a) Personnel costs

- 8% above budget (R2.4 million) due to EPWP employees who were previously done via a company as outsourced services who are now processed in the payroll.

b) Special projects staff costs

- No budget allocated as these are temporary positions based on demand for projects on behalf of other departments. The justification for appointments is the 7% management fee we charge for special projects.

c) Provision for bad debts

- 196% above budget (R14.7 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 56% which is influenced by the reasons stated in Section 2.1 above.

d) Finance costs

- 1426% above budget (R5.7 million) due to interest charged on sweeping account which is in overdraft.

e) Security

- 52% below budget (R1.9 million) due to less demand for unplanned emergency security requirements and a reduction in guards in building awaiting development to contain costs.

f) Utilities

- 579% above budget (R16.7 million) due to utility costs incurred more than available budget. The entity's budget is based on common arear charges only and all other charges used by tenants is supposed to be for their own account. A service provider has been appointed for a prepaid vending solution for electricity to assist with the reduction of costs and transferring of costs to the user of electricity.

g) Administrative

- 67% below budget (R7.6 million) due to saving on legal fees and stationery costs. This is an indication of the success of our admin cost containment measures starting to yield results.

CAPEX Expenditure

The organisation has been allocated a budget of R648 million funded from the External Funding Sources (EFF) and Capital Reserves (CRR). In the current financial year, we have the following programmes:

- i. Greenfields projects; and

- ii. The Inner-City re-generation programme.

As at 30 September 2021 JOSHCO's verified spent for the quarter under review is 26% against a target of 25%.

Ms. Nontobeko Ndimande CA(SA)
Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



Figure 1: Photo: Turffontein Social Project in the Inner City

The Johannesburg Social Housing Company SOC Ltd (JOSHCO) was established in November 2003 and received its mandate in March 2004 from the City of Johannesburg (CoJ). JOSHCO's mandate is to provide and manage affordable rental housing for the lower income market as an integral part of efforts to eradicate the housing backlog of CoJ. JOSHCO is a registered social housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The core business of JOSHCO includes: the development of social rental housing; refurbishments, upgrading and management of Council owned rental housing properties (including hostels); housing management and the refurbishment, conversion, and management of Inner-City buildings into social housing units. As a Municipal Owned Entity, JOSHCO is required to comply with all the relevant legislation (such as Municipal Finance Management Act; Municipal Systems Act and the Companies Act). The policies and strategy of JOSHCO are strongly influenced by the vision of CoJ as outlined in the Growth Development Strategy 2040 (GDS) and the Integrated Development Plan (IDP).

SECTION 5: STRATEGIC OBJECTIVES

- 1.1 Become a financially sustainable entity.
- 1.2 Contribute towards economic development through SMMEs Support and Job creation
- 1.3 Develop Social Housing projects within transport corridors, Inner-City and greenfield (including suburbs and economic hubs).
- 1.4 Become a customer-centric company.
- 1.5 Strengthen governance and compliance.
- 1.6 Improve the safety and security of all tenants in JOSHCO projects.
- 1.7 Effectively manage social housing projects.

SECTION 6: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

The Company, through its Social, Ethics & Human Resource Committee, addresses issues relating to the ethical conduct of the Company and its employees. The company complies with the City's Code of Conduct ("the Code") which has been fully endorsed by the Board and applies to all Directors and Employees. It is a requirement for any Director and Executive Manager at any meeting of the Board of Directors, Board Sub Committees, and the Audit & Risk Committee to declare interest and sign a register to that effect. Should such a conflict exist, the Director or Executive Manager concerned is recused from the proceedings.

SECTION 7: SUSTAINABILITY REPORT

The Social, Ethics & Human Resource Committee of the Board has an oversight role on Social, Ethics and, Human Resource matters of the organisation in order to promote sustainable organisational development. JOSHCO inculcates an ethical culture and is mindful of the effects of its operations on the economy, society, and the environment. JOSHCO offers a range of quality housing products and services for low-income households that ensure sustainable affordable rentals to its tenants. The construction and refurbishment of JOSHCO housing projects create sustainable jobs during and after construction. Moreover, JOSHCO continues to make training and employment opportunities available to its unemployed tenants.

JOSHCO has adopted a zero-tolerance approach to fraud and corruption and any reported cases of such instances are investigated through Group Forensic and Investigation Services Unit (GFIS) without fail. Stakeholder management remains key in having uninterrupted service delivery as a result of JOSHCO being a customer centric organisation. It is imperative that JOSHCO remains at the helm of stakeholder relationship which is part of its strategy to build partnered relationships.

JOSHCO's contribution towards the EPWP City programme undertakes to reduce unemployment and facilitate socio economic development of the Citizen of Johannesburg. JOSHCO has created 128 jobs from various projects through EPWP programme within the 1st quarters of the financial year. The entity continued to support SMMEs and local labour through allocation of 30% of CAPEX contracts. The entity has managed to spend 3% of capex on SMME during the first quarter.

CHAPTER TWO: GOVERNANCE

SECTION 1: BOARD OF DIRECTORS

JOSHCO members were appointed through a resolution at an Annual General Meeting (AGM) held on 11 February 2021 by the parent municipality, City of Johannesburg.

Through its Annual Work Programme, the Board of Directors monitors strategy implementation, and is kept abreast of the achievements and risks associated with the achievement of the strategy. The Board has skills and expertise it brings for the benefit of JOSHCO and currently comprises of thirteen (13) Non-Executive Directors and two (2) Executive Directors being the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The AGM has future appointed three (3) Independent Audit Committee members

Table 1: Board Composition was as follows as at 30 September 2021

Member	Capacity: Executive/Non- Executive Director	Race	Gender	Qualifications
Mr T Dhlamini (Board Chairperson)	Non-Executive	A	M	Leadership training and certificate in engineering hand skills
Mr J Sobekwa	Non-Executive	A	M	B Accounting, PG Dip: Financial Management and CIMA
Mr M Maimane	Non-Executive	A	M	Diploma, Bachelor, Honours degree in Public Administration, MBA & CDSA
Ms G Boikanyo	Non-Executive	A	F	B Computer Science, ND Analytical chemistry
Mr X Dlwathi	Non-Executive	A	M	Diploma, Honours, and master's degree in theology
Mr T Mamba	Non-Executive	A	M	Matric and higher certificate in supervision
Ms S Bhengu	Non-Executive	A	F	Matric and certificate in Theology
Ms B Makhanya	Non-Executive	A	F	Matric and certificate in Business Administration
Mr S Mhlongo	Non-Executive	A	M	Matric and Diploma in Risk Management
Ms Debbie Raphuti	Non-Executive	A	F	Diploma in Nursing Science, PG Dip in strategic diplomacy and transitional justice, Master of Business Administration and Master of public management and governance
Ms Eugenia Motloug	Non-Executive	A	F	Extended programme UNISA and N Dip Public Relations

Member	Capacity: Executive/Non- Executive Director	Race	Gender	Qualifications
Dr Kentse Sesele	Non-Executive	A	F	B Social Science, Honours in local economic development, Master and PHD in town and regional planning
Adv Nikelo Bangisi	Non-Executive	A	M	B Juris, LLB
Mr Victor Rambau	Executive	A	M	B Tech Production and Operations, MAP and MBA
Ms Nontobeko Ndimande	Executive	A	F	CA (SA)
Mr Lesetsa Matshekga	IAC	A	M	MBA, B Com Honours Finance, B Com Economics a
Mr Moshupi Mokgobinyane	IAC	A	M	Master's in accounting science, B Com Accounting, B Com Honours Accounting
Mr Ernest Khosa	IAC	A	M	Higher Diploma in Company Law, Bachelor of Arts, BA Honours, Master of Science and LLB

1.1 BOARD AND COMMITTEE MEETINGS ATTENDANCES

During the first quarter, JOSHCO held 5 Board meetings, 2 Development Committee meeting, 3 Social, Ethics & HR Committee meetings and 2 Audit and Risk Committee meetings. The below table depicts details of attendance of members in various meetings.

Table 2: Board and Committee Meetings Attendances as at 30 September 2021

Board of Director	Board			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	4			1			3		
Mr V Rambau	4	-	-	1	-	-	3	-	-
Ms N Ndimande	4	-	-	1	-	-	3	-	-
Mr T Dhlamini	4	-	-	-	-	-	-	-	-
Mr X Dlwathi	4	-	-	1	-	-	-	-	-
Ms G Boikanyo	4	-	-	1	-	-	-	-	-
Mr M Maimane	4	-	-	-	-	-	3	-	-
Mr J Sobekwa	4	-	-	1	-	-	-	-	-

Board of Director	Board			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Ms S Bhengu	4	-	-	-	-	-	3	-	-
Ms B Makhanya	4	-	-	-	-	-	3	-	-
Mr S Mhlongo	3	-	1	-	-	-	3	-	-
Mr T Mamba	4	-	-	1	-	-	-	-	-
Adv N Bangisi	4			1			-		
Ms E Motloun	4			-			3		
Ms D Raphuti	4			-			3		
Dr K Sesele	4			1			-		

Table 3: Audit & Risk Committee Meetings Attendances as at 30 September 2021

Names of Audit Committee Members	Audit and Risk Committee		
	Attendance	Absent	Apologies
Number of Meetings	2		
Mr E Khosa (Chairperson)	2	0	0
Mr L Matshekga	2	0	0
Mr M Mokgobinyane	2	0	0
Mr V Rambau (CEO)	2	0	0
Ms N Ndimande (CFO)	2	0	0

1.2 BOARD COMMITTEES

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

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

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

1.2.1 Audit & Risk Committee

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

The Committee consist of the following members: -

Mr. S Khosa	Non- Executive Director (Chairperson)
Mr. L Matshega	Independent Audit Committee Member
Mr. M Mokgobinyane	Independent Audit Committee Member

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.
- Identify financial, business, and operational risk areas of the company to be covered in the scope of internal and external Audits.
- Ensure that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitor and review the effectiveness of the Internal Audit function.
- Oversee the relationship of the company with the Auditor General of South Africa.
- Review 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.
- Review 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.
- Monitor and review 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 provide to the Board of Directors an authoritative and credible view of the performance of the company.
- Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes.

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

1.2.2 Social, Ethics, and Human Resource Committee

The Committee consists of the following members: -

Mr. M Maimane	Non-Executive Director (Chairperson)
Ms. B Makhanya	Non-Executive Director
Ms. S Bhengu	Non-Executive Director
Mr. S Mhlongo	Non-Executive Director
Ms. D Raphuti	Non-Executive Director
Ms. E Motloun	Non-Executive Director

The mandate of the Committee is set out in its terms of reference and inter alia 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.
- Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Select an appropriate comparative source when comparing remuneration levels.
- Advise on the remuneration of non-executive directors.
- Management development and succession plans for executive levels; and

- Make recommendations to the Board where necessary or take 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.
- The Environment, Health and Public Safety.
- Consumer Relationships.
- Labour and Employment.
- To draw matters to the attention of the Board as occasion requires.
- To report to the Shareholder at the AGM on matters within its mandate.

1.2.3 Development Committee

The Committee consists of the following members: -

Ms. G Boikanyo	Non- Executive Director (Chairperson)
Mr. T Dlwathi	Non- Executive Director
Mr. J Sobekwa	Non- Executive Director
Mr. T Mamba	Non-Executive Director
Dr. K Sesele	Non- Executive Director
Adv. N Bangisi	Non-Executive Director

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

- To approve new developments reports on detailed investigation stage and to give approval to proceed with the development i.e., Design and Business Plan development stage.
- To recommend to the Board 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 risk/return relationship on significant projects to be undertaken by the Company.

1.3 DIRECTORS AND PRESCRIBED OFFICER'S REMUNERATION

The remuneration of Directors is in accordance with the Council approved rates. Remuneration reflects cumulative figures from the beginning of the financial year to date.

Table 4: Previous Board of Directors Remuneration as at 30 September 2021

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R46 000
Mr Xolani Dlwathi	Non-Executive Director	R38 000
Mr Sphiwe Mhlongo	Non-Executive Director	R32 000
Mr Moerane Maimane	Non-Executive Director	R50 000
Mr Themba Mamba	Non-Executive Director	R38 000
Ms Sebongile Bhengu	Non-Executive Director	R44 000
Ms Brenda Makhanya	Non-Executive Director	R44 000
Ms Gaby Boikanyo	Non-Executive Director	R40 000
Mr Jason Sobekwa	Non-Executive Director	R36 000
Ms Eugenia Motloung	Non-Executive Director	R44 000
Mr Nikelo Bangisi	Non-Executive Director	R38 000
Ms Debbie Raphuti	Non-Executive Director	R44 000
Dr Kentse Sesele	Non-Executive Director	R38 000
Total		R532 000.00

Fees includes payment of ad hoc Board Committee meetings.

Table 5: Independent Audit Members Remuneration as at 30 September 2021

Name	Designation	Remuneration
Mr Moshupi Mokgobinyane	Independent Audit Member	R12 000
Mr Lesetsa Matshekga	Independent Audit Member	R12 000
Mr Ernest Khosa **	Independent Audit Member	R40 000
Total		R64 000. 00

NB: **Member fees included attendance of Group Audit and Group Risk Committees, Board and Committee meetings.

Table 6: Executive Management Remuneration as at 30 September 2021

Name	Designation	Remuneration
Mr Victor Rambau	Chief Executive Officer	R 501 676,25
Ms Nontobeko Ndimande	Chief Financial Officer	R 343 022,49
Ms Livhalani Nemaungani	EM: Strategy and Planning	R 312 201,42
Ms Nkululeko Magubane	EM: Housing Development	R 342 549,99
Ms Kedumetsi Mokhampanyane	EM: Corporate Services	R 342 549,99
Mr Ronald Mutheiwane	Acting EM: Housing Management	R 293 042,49
Total		R R2 135 042,63

1.5 COMPANY SECRETARIAL FUNCTION

The Company Secretary has a key role to play in ensuring that Board procedures are followed and regularly reviewed. The Chairperson and the Board consult with the Company Secretary for guidance on Board responsibilities, under the rules and regulations as well as how these responsibilities should

be discharged. All Directors have access to the advice and services of the Company Secretary and recognise that the Chairperson is entitled to support from the Company Secretary in ensuring the effective functioning of the Board.

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 Core Business comprises of two departments, which is 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, Strategy and Human Resources.

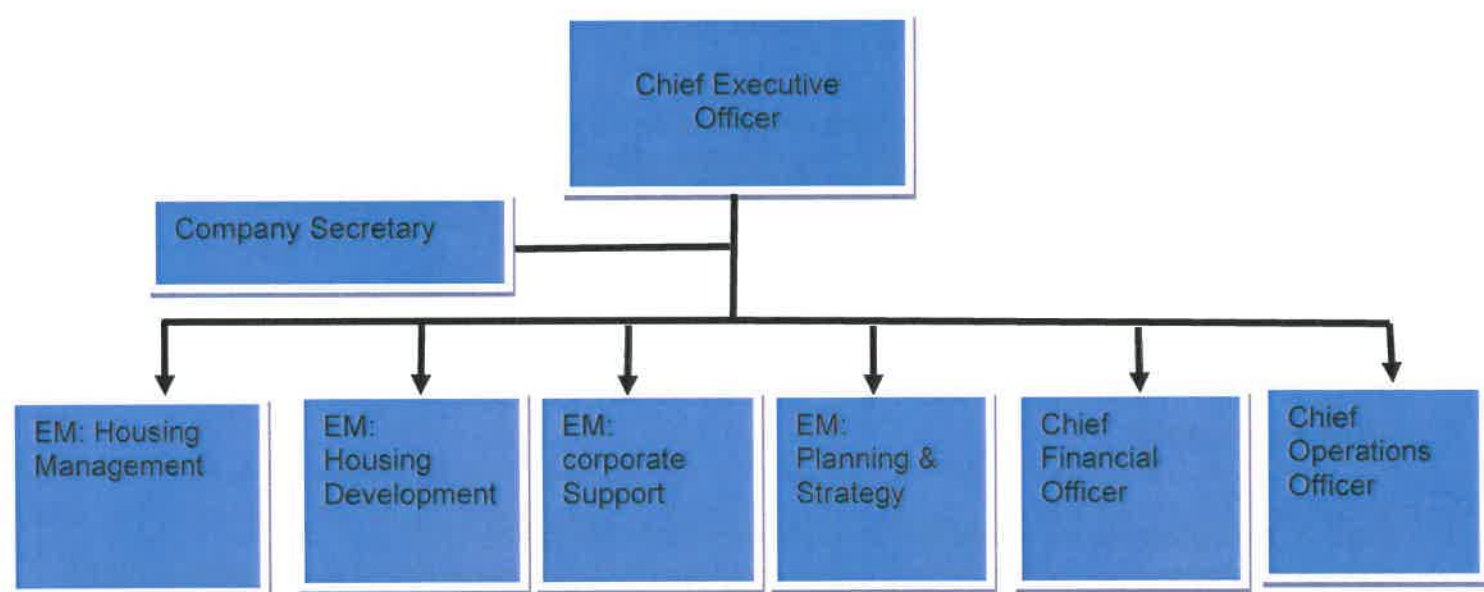


Figure 2: High Level Structure

SECTION 3: RISK MANAGEMENT

The Johannesburg Social Housing Company (JOSHCO) has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King IV report on Corporate Governance and Risk Management Standards as applicable. Oversight over the governance and management of risk in JOSHCO is carried out by the Audit and Risk Committee which is the statutory sub-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 Board approved terms of reference.

3.1 RISK ESCALATION METHODOLOGY

The risk framework provides guidance on which risks should be escalated to the various governance Committees within JOSHCO. The process implementers which are functional departments assess the risks and Heads of departments as process owners report on the risks results at the Executive Committee and Audit & Risk Committee. The Audit & Risk Committee Chairperson escalates the assessment results to the Board of Directors and to the Group Risk Committee at the City for oversight. The Audit & Risk Committees’ role is to identify business risks that could potentially have a negative impact on both objectives and the company’s operations and advice the Board of possible mitigating strategies.

3.2 CORPORATE RISK ARCHITECTURE



Figure 3: Risk ARCHITECTURE

3.3 JOSHCO’S TOP 5 RISKS:

Top 5 Residual Risk Rating			
Risk No	Risk Description	Inherent Rating	Residual Rating(Q1)
1	Inability to continue as a going concern.	Very High	Very High
2	Failure to deliver capital projects on time and within budget.	Very High	High

- 3 Lack of cooperation by SMME's.
- 4 Failure to develop, attract and/or retain talent.
- 5 Business Interruption

Very High	High
Very High	Medium
Very High	Very high

The above table reflects the top 5 risks that are facing the organisation as at 30 September 2021. These risks are inherent in nature and have influence in the achievement of strategic objectives and robust control environment. Although 8 of 12 risks have a medium residual risk rating in Q1, Management will continue to monitor their movements on a quarterly basis to ensure that they remain within the risk appetite level throughout the financial year and posing no threat to the achievement of objectives and better control environment.

3.4 INFORMATION ON EMERGING/ NEW RISKS





The political risk of Local government elections emerged since the announcement of the 1 November 2021 election date which might result in changes in the city's administration and budgets approval affected due to disagreements in council.

3.5 STRATEGIC RISK STATUS




3.5.1 Progress in the Implementation of Mitigating Controls as at 30 September 2021.

The table below lists the risks as reflected in the strategic risk register in which their mitigation actions are due for reporting as at 30 September 2021: -

Legends

	Residual risk is extremely high
	Residual risk is high
	Residual risk is moderate
	Residual risk is low


The following legend is applied to denote the risk mitigation progress in Strategic Risk Register.

Legend	Explanation
	Risk mitigation plans not on track, key implementation targets missed and requires immediate management attention for review and sound corrective measures.
	No movement and requires immediate management attention for review and sound corrective action
	Minimal progress achieved but on track for implementation.




Significant progress achieved and on track for complete implementation of mitigation plan by target date.


Table 7: Progress in the Implementation of Mitigation Controls as at 30 September 2021.


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
1	Financial Instability	Inability to continue as a going concern.	H	Q1	% Collection in respect of current debt.	1. Installation and activation of Biometrics system at entrance to deny illegal tenants access to 20 JOSHCO properties. Q2 2. Robust tenants engagement drives to understand tenants needs with the aim of improving customer satisfaction and revenue. Quarterly 3. Appointment of a service provider for installation of prepaid vending	1. twenty projects is underway. 4 of 20 were installed and activated. namely: a) Selby. b) Antea. c) Turfontein and d) Phoenix house. 2.Tenants engagement planned for July and August were put on hold mid-June 2021 following the adjusted level 3 Covid-19 regulations which took place on	<div></div>	1/5
			VH						


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1					
						<p>solution to transfer high electricity bill directly to Tenants.</p> <p>Q1</p> <p>4. Appointment of service providers to assist with outdoor advertising to increase revenue.</p> <p>Q2</p> <p>5. Replacement of physical security with technology to curb high staff cost.</p> <p>Q2</p>	<p>15th June 2021. The engagements were converted to pre-adjusted scheduled appointments on site during Revenue office opening times.</p> <p>3. Prepaid vending system – service provider appointed on 6th June 2021 to assist with reduction of utilities costs and transferring of costs to users. The implementation is in progress.</p> <p>4. Outdoor advertising – tender to appoint a service provider to manage the outdoor</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1					
							advertising is in progress at evaluation stage. The appointment process is expected to be finalised in October 2021. 5.The process of installation of Biometric systems in 20 JOSHCO projects is underway, 4 of 20 were installed and activated.		
2	Governance Failures	Governance failures	M	M		1. Appointment of ethics champion to drive and instil ethical culture throughout the organisation. Q1 2. Annual review of internal controls. Q4 3. Municipal supply	1. The new organizational structure was approved by the Board. It includes the position of the ethics officer. The vacant post		1/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1		chain regulations and Finance for non-financial managers training. Q1	will be advertised and filled by February 2022 following the approval of the budget. 2. Not due for reporting. Policies to be reviewed in 2022. 3. Four (4) Senior Managers completed the course, and Three (3) Exco members are currently attending training with WITS.		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1					
3	None	Failure to deliver capital projects on time and within budget.	H	H		<p>1. Presentation and submission of JOSHCO contracts that are signed with service providers so that the budget office is aware of existing financial and contractual commitments. Q1</p> <p>2. Fully enforcement of the contract and exercise JOSHCO remedial provisions.</p> <p>3. Ongoing Thorough engagement with the community prior to the commencement project. Quarterly</p>	<p>1. Implementation date missed: A contracts register is to be prepared and submitted with Budget Adjustment proposal to the City during Mid-year review. Revised implementation date: December 2021.</p> <p>2. Contracts fully enforced by JOSHCO</p> <p>3. Intensified stakeholder engagement with various communities to clear grievances raised in Princess Plot and Nancefield</p>		2/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
			Q1						
							Projects.		
4	None	Lack of cooperation by SMME's	H	H		1. Appointment of SETA accredited training providers to train SMME's and improve technical capacity on new projects. Quarterly 2. Enforcement of the SMME's Contractual obligations. Ongoing 3. Continuous engagements with SMME's. Quarterly	1. SETA accredited training service providers are to be procured for all projects after finalisation of appointments of SMME's. 2. Contract fully enforced for all projects. 3. Engagement with aggrieved Princess Plot SMME's was done in Q1 to avoid potential		2/3


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating Q1	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
5	None	Minimal Stakeholder and Customer Relations Management	M	M		<ol style="list-style-type: none"> Develop and implement stakeholder and customer relations strategy. Q1 Proactive engagement with the communities through social media and physical meetings. Quarterly Develop Tenant education manual to clearly outline the rules of JOSHCO and Tenants. Q1 	<p>dispute.</p> <ol style="list-style-type: none"> The stakeholder and customer relations was developed and approved by Exco in July 2021. Regular engagements done with communities on Facebook and twitter, however our following is too low, currently at 2700 followers which is a small community compared to the 15000 Facebook followers. 		1/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1			3. Implementation date missed: Tenant education manual developed and currently with Marketing and communication department for content review and editing. The final manual will be issued on 30 October 2021.		
6	Increasing Safety and Security Incidents	Theft, Injuries, vandalism, and Fatalities	M	M	% Compliance to laws and regulations.	1. Installation of buglers in existing and new projects. Q2 2. Installation and activation of Biometrics system at entrance to improve	1. No progress and not due for reporting. 2. The process of installation of Biometric systems in 20 JOSHCO		1/6

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1		<p>access. Q2</p> <p>3. Installation of CCTV cameras that will be linked to Security control room. Q2</p> <p>4. OHS Committee to hold quarterly meetings to address weakness at projects and head office. Quarterly</p> <p>5. Develop Tenant education manual to clearly outline the rules of JOSHCO and Tenants. Q1</p> <p>6. Development of Security policy. Q1</p>	<p>projects is underway, 4 of 20 were installed and activated.</p> <p>3. Project on hold due to construction at Head office</p> <p>4. OHS committee meeting held on 10 October 2021. the following was discussed:</p> <p>a) IOD.</p> <p>b) Health and safety training updates,</p> <p>c) Covid 19 stats and vaccination.</p> <p>d) PPE updates (Housing Management).</p>		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating		KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
					Q1					
								e) Site inspection. 5. Implementation date missed: Tenant education manual developed and currently with Marketing and communication department for content review and editing. The final manual will be issued on 30 October 2021. 6. Draft Security policy developed, to be submitted for Board approval in Q2.		
7	None	Cyber attack	M	M	% Compliance to laws and regulations	1. Employ accredited Information Security Officer. Q1	an	1. New organisational structure approved by the		1/4


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1		<p>2. Implement information Security standards. Q2</p> <p>3. Daily IT security assessment tests. Q2</p> <p>4. ICT Infrastructure upgrade including configuration of both primary and recovery servers. Q2</p>	<p>Board in August 2021, the recruitment process to start in Q2.</p> <p>2. The ICT has currently upgraded the ICT infrastructure and adequate information system implement.</p> <p>3. Conducted weekly assessment due to lack of capacity. The Daily information and infrastructure security</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
			Q1						
							assessment will be performed once Information Security Officer is appointed. 4. Fully implemented the ICT infrastructure and the DR Site in Q1		
8	Inability to respond to city disasters and business disruptions	Business Interruption	M	VH		1. Appointment of service provider for secondary networks supply. Q2 2. Appointment of service provider to develop Business continuity Management System. Q2 3. Development of Business Continuity	1. The Tender for the appointment of service provider for secondary network was advertised. 2. The Tender for the appointment of service provider to develop		1/4


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1					
						and Disaster Recovery Plan. Q2 4. ICT Infrastructure upgrade. Q2	Business Continuity Management system was advertised on 22 September 2021. 3. Disaster Recovery Plan draft is in place. The plan to be incorporated in the business continuity management system when implemented. 4. ICT Infrastructure upgrade project was completed in Q1.		
9	None	Inaccurate and				1. Implementation of	1. Monitoring and		1/2



Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
			Q1						
		unreliable performance information				<p>the monitoring tool to strengthen quality assurance by Executive Management.</p> <p>Quarterly</p> <p>2. Biannual performance of information Audits conducted by internal Audit. Q3</p>	<p>Evaluation has implemented evidence monitoring tool in Q1. The system requires the EMs to signoff evidence submitted to support reported performance information.</p> <p>2. Not due for reporting.</p>		
10	None	Failure to develop, attract and/or retain talent.	H	M		<p>1. Appointment of a service provider to assist with the Job grading exercise. Q1</p> <p>2. Recruiting in line with the approved Organisational structure. Q1</p> <p>3. Encourage and drive</p>	<p>1. The tender for the appointment of service provider was advertised July 2021, it is currently under BEC and BAC for appointment.</p>		2/4

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1		<p>a learning culture.</p> <p>Ongoing</p> <p>4. Development of retention and succession policy.</p> <p>Q1</p>	<p>2. The new organisational structure was approved by the Board in August 2021.</p> <p>3. Training calendar communicated to employees and implemented.</p> <p>4. Implementation date missed: Draft retention and succession policy was developed, and it will be tabled to REMCO and the BOARD in October for approval.</p>		
11	None	Fraud and corruption				1. Fraud review	1. Fraud detection in		1/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1					
						collaboration with the city. Q1 2. Installation of fraud awareness posters/signage in JOSHCO projects. Q2 3. Partner with marketing and stakeholder relation management department to facilitate fraud and corruption campaign to JOSHCO tenants. Quarterly	2. The marketing and communication department is working on the design of posters/signage, installation is envisaged that the signage will be installed in all JOSHCO projects and Head office by end of Q2. 3. Tenants' engagement planned for July and August were put on hold mid-June 2021 following the adjusted level 3		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating Q1	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
							Covid-19 regulations which took place on 15th June 2021. to resume with engagement in Q2.		
12	None	Dilapidation of tenanted buildings				1. Maintenance work certified and signed off by portfolio managers. Ongoing 2. Property management Training for Housing supervisors. Q2 3. Installation of CCTV cameras that will be linked to Security control room. Q2	1. Departmental re-alignment to assign responsibilities to Portfolio Managers. 2. On track, HR agreed, and the content agreed upon and the training calendar communicated to employees. 3. Project on hold due to		0/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q1					
							construction at Head office.		

Based on the above, the total percentage of actions implemented to manage the residual risk(s) around the control environment for the quarter is **33%** against quarterly target of **20%**. Implementation of some of the controls are dependent on the appointment of service providers. The assessment revealed significant progress in the implementation of mitigations actions/controls for improvement in Q1.

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

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 and corruption campaign which forms part of revenue drive led by Finance Revenue Department for July was put on hold due to covid 19 3rd wave lockdown. The engagements will resume in Q2.

The fraud hotline number is 0800 002 587/ email: whistle@joburg.org.za

All reported fraud and corruption allegations are investigated through the GFIS unit in the city and reports that indicate progress made on the investigations are provided to JOSHCO quarterly. Two (2) new cases were reported in Q1. During the testing of the fraud hotline, the JMPD call centre agent revealed that she was not aware that the hotline also caters to JOSHCO fraud cases, and this could be the reason why we have not been receiving reported cases. However, the matter was addressed with GFIS and a commitment was made that the fraud hotline will only be assigned to well-trained agents who understand that it caters for City and entities. The following table provide progress provided by GFIS on open cases and One (1) case reported and investigated by JOSHCO security department:

Table 8: Fraud and corruption cases reported

GFIS_no	Date Registered	Allegation	Status
19/12/2020	2020/12/08	Alleged fraud and corruption into issuing of flats units at JOSHCO-by-JOSHCO employee.	In Progress
GFIS-27/09/2021	2021/09/20	Fraudsters posing as agents of JOSHCO or convincing the unsuspecting public that they are JOSHCO employees are taking a sum of money from the public in return for what they term as an “application fee”.	In progress
09/09/2021	2021/09/09	Illegal occupation by JOSHCO employee (cleaner)	Preliminary investigations Completed. Matter to be handed to GFIS

SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS

The Board and its Committees is committed to greater ethical standards and practices, and this is evident in all Board and Committee meetings where declaration of interest is undertaken prior to commencement of meetings. In the quarter under review, the Board and its Committees continued to sign off the declaration register and such information is housed in the Company Secretary's office. In the beginning of the Board term, all members are required to sign declaration of financial interest.

Furthermore, 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, 467 of 501 (93%) of JOSHCO staff have completed and submitted their annual declaration. Only 34 declarations were outstanding. JOSHCO is on track to achieve 100% by 30 September 2021. Corporate Services and Supply Chain utilize the declaration of interest forms to manage any potential conflict of interest that may arise.

SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE

ICT governance is about ensuring that the organisation's IT systems support and enable the achievement of the organisation's strategies and objectives. It encompasses leadership, organisational structure, business process, standards, and compliance. The Board has adopted the King IV report on Corporate Governance South African 2016 in which Principle 12 of the report states that, "the governing body (Board) should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives". JOSHCO ICT is aligned to the following Frameworks and Best Practices:

- DPSA Corporate Governance of ICT Framework
- Control Objectives for Information and Related Technologies (COBIT) version 5
- Information Technology Infrastructure Library (ITIL)
- ISO 27001 Information Security

During the 2021-2022 Financial Year, JOSHCO ICT seeks to improve on its governance frameworks and universe, by adopting best practice frameworks to strengthen the following areas:

- ICT Service Management
- ICT Security
- Business Continuity.

JOSHCO ICT KPI

As part of JOSHCO's Business Plan Scorecard for the 2021/2022 Financial Year, JOSHCO ICT is responsible for the objectives which relates to the improvement of the ICT infrastructure and governance as detailed in the table below

Table 9: ICT Activities for the Quarter as at 30 September 2021

KPI	2021/22 Target	Q1 Target	Q1 Performance	Variance	Evidence and Comments
ICT Service Delivery Management	Q1 Quarterly Report	Quarterly Reports: User satisfaction at least 85%	Achieved		Done
		Monitor the JOSHCO's network and server performance to ensure 95% connectivity	Achieved		Done
		Appraise onsite and offsite storage capacity monthly and reported on	Partially Achieved		The information security software Sophos which was implemented had to be upgraded to be able to handle the new infrastructure.
ICT Risk and Audit Management	ICT Operational Risks and Audit Reports	Quarterly assessment of the ops risk and quarterly review and reporting	Achieved		Done.
		Report on all ICT audit findings, identified risks and identified non – Compliance activities, Identified Strategic and	Achieved		Done

		operational risks, and non-compliance findings			
		Implement corrective measures on all audit findings	Achieved		Done
Infrastructure and Operations Management	Implement a stable ICT infrastructure	Upgrade Host, Dr and implement the Business Continuity Site	Achieved		Implemented successfully
		Implement Smart boardroom solution and server room with fully converged voice and video solution	Partially Achieved		Service provider appointed, waiting for the building renovations to be completed.
Application management	Implement Document Management and Intranet	Develop RFP	Achieved		Specification for completed and the city is going to provide license. RFQ ready to go to procurement for tender processing
	Implement JOSHCO Mobile App	Pilot JOSHCO mobile App	Achieved		Service provider appointed. Service provider is implementing as per agile methodology. Project is still on going. It will be implemented in

					Q3 of 2021/2022
Information Security	Implement ICT Security measures	Implement ICT Security measures	Partially achieved		Partially implemented, submitted request for Information security Officer position. Information security Officer will ensure full implementation.

The above performance shows that the IT department has managed to achieve eight (8) against the quarterly target of eleven (11).

SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS

JOSHCO uses the EXCLAIM! Compliance software to monitor compliance with relevant legislation. A total of twenty-seven (27) Acts/ regulations are applicable to JOSHCO's operations and appear on the Regulatory Universe. During the compliance risk management process, the Corporate Department, indicated that as part of their functions, they needed to comply with the Skills Development Act 97 of 1997 as well as the Private Security Industry Regulation Act 56 of 2001. These acts will be included in the Compliance Universe of JOSHCO and assessed in the second quarter.

All Twenty-Seven Acts were assessed in the first quarter. We have seen 22 acts that have reached 100% compliance. This is significant increase from the last 2 quarters of the previous financial year. We have seen an improvement in 4 Acts this quarter. The reason for the improvement is largely based

on the consistent monitoring of the action plans made by the business units throughout the quarter. This however can still be improved.

Table 10: Action Plan of the assessed legislations

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
1. Basic Conditions of Employment Act, No. 75 of 1997	100%	JOSHCO complies with all the provisions of the Act.	N/A	Corporate Services	N/A	N/A
2. Broad-Based Black Economic Empowerment Act, No. 53 of 2003 and 2014 Code	100%	JOSHCO complies with all the provisions of the Act.	N/A	Finance	N/A	N/A
3. Companies Act, No. 71 of 2008	98.9%	The variance relates to the absence of documents/records based on previous audit findings. The Act requires documents/records to be kept for a period of 7 years.	Proper document management.	Office of the Company Secretary	Record keeping has been improved. However, non-compliance will remain until 7 years lapses	Full compliance with the section will be reached in 2023.
4. Construction Industry Development Board Act, No. 38 of 2000	100%	JOSHCO complies with all the provisions of the Act.	N/A	Housing Development/ Finance	N/A	N/A

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
5. Consumer Protection Act, No. 68 of 2008	100%	JOSHCO complies with all the provisions of the Act.	N/A	Housing Management	N/A	N/A
6. COVID -19 Occupational Health and Safety Measures in Workplaces Directive	100%	JOSHCO complies with all the provisions of The Act.	N/A	Corporate Services	N/A	N/A
7. Electronic Communications and Transactions Act, No. 25 of 2002	92.31%	The variance relates to: JOSHCO does not have an electronic filing and issuing of document system. The process is performed manually.	Obtain electronic filing and issuing system.	ICT	Memo has been sent to the city for the Ms SharePoint. Setting up will be done once the city provides the system licenses. However, there is still a need for ICT to go out on tender to procure service provider to do configuration as per JOSHCO requirements. This will be implemented in Q1 and Q2.	31 December 2021

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
8. Employment Equity Act, No. 55 of 1998	100%	JOSHCO complies with all the provisions of The Act.	N/A	Corporate Services	N/A	N/A
9. Housing Act, No. 107 of 1997	100%	JOSHCO complies with all the provisions of the Act.	N/A	Housing Management	N/A	N/A
10. Labour Relations Act, No. 66 of 1995	100%	JOSHCO complies with all the provisions of this Act.	N/A	Corporate Services	N/A	N/A

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
11. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	82.5%	The variance relates to the requirement for senior managers, supply chain manager, and officials to meet competency levels for financial and supply chain management.	N/A	Corporate Services	The CEO, CFO and EM Housing Development have completed training and have been awarded the required unit standards. The remainder of the EMs have been enrolled in the program.	30 June 2022
12. Local Government Municipal Finance Management Act - Municipal Supply Chain Management Regulations	100%	JOSHCO complies with all the provisions of the Act.	N/A	Finance	N/A	N/A
13. Local Government Municipal Finance Management Act, No. 56 of 2003	100%	JOSHCO complies with all the provisions of the Act.	N/A.	Finance	N/A	N/A

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
14. Local Government Municipal Systems Act, No. 32 of 2000	100%	JOSHCO complies with all the provisions of the Act.	N/A	All Departments	N/A	N/A
15. Occupational Health and Safety Act - Construction Regulations.	100%	JOSHCO complies with all the provisions of the Act.	N/A	Housing Development	N/A	N/A
16. Occupational Health and Safety Act - Environmental Regulations for Workplaces, October 1987	100%	JOSHCO complies with all the provisions of the Act.	N/A	Corporate Services	N/A	N/A
17. Occupational Health and Safety Act - Facilities Regulations, August 2004	100%	JOSHCO complies with all the provisions of this Act.	N/A	Corporate Service	N/A	N/A

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
18. Occupational Health and Safety Act - General Administrative Regulations, June 2003	100%	JOSHCO complies with all the provisions of the Act.	N/A	Corporate Services	N/A	N/A
19. Occupational Health and Safety Act - General Safety Regulations, May 1986	100%	JOSHCO complies with all the provisions of this Act.	N/A	Corporate Service	N/A	N/A
20. Occupational Health and Safety Act, No. 85 of 1993	100%	JOSHCO complies with all the provisions of the Act.	N/A	Corporate Services	N/A	N/A
21. Preferential Procurement Policy Framework Act. No. 5 of 2000	100%	JOSHCO complies with all the provisions of this Act.	N/A	Finance	N/A	N/A

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
22. Promotion of Access to Information Act, No. 2 of 2000 - Public Bodies	100%	JOSHCO complies with all the provisions of this Act.	N/A	Office of the CEO	N/A	N/A

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
23. Protection of Personal Information Act, No. 4 of 2013	92,5%	<p>The variance relates to the failure to conduct a personal information impact assessment to ensure that adequate measures and standards exist in order to comply with the conditions for the lawful processing of personal information.</p> <p>The variance further relates to the non-registration of Information Officer/s with the Information Regulator.</p>	<p>Need for functional document management system.</p> <p>Information Management Officer has to be appointed.</p>	Office of the CEO	<p>Memo has been sent to the city for the Ms SharePoint. Setting up will be done once the city provides the system licenses. However there still a need for ICT to go out on tender to procure a service provider to do configuration as per JOSHCO requirements. This will be implemented in Q1, Q2 and Q3 will focus on the procuring of service provider to configure and the configuration</p> <p>The names of the Information officer and Deputy Information officers has been lodged with the Information Regulator. Awaiting feedback from the Information Regulator.</p> <p>Workshops and assessments have been conducted with Security and HR departments on their current processes with regard to processing of information. Further workshops and assessments to be conducted with all the remaining departments by the end of the second quarter.</p>	31 December 2021

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
24. Rental Housing Act, No. 50 of 1999	96,3%	The variance relates to the subletting of units by tenants without JOSHCO's consent.	JOSHCO, through the Housing Management department has embarked on a process of regularising qualifying tenants in line with approved policies. The process will continue until all JOSHCO units are occupied only by lawful tenants.	Housing Management	Regularisation is an ongoing process and tenants who fail to qualify and refuse to vacate the units will be handed over for evictions. The process has commenced in the 2020/21 FY Addendum leases have been signed to renew leases. We are receiving applications from illegal occupants to be regularized.	In progress

Act Name	Q1	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
25. Social Housing Act, No.16 of 2008	100%	JOSHCO complies with all the provisions of this Act	Appointment of EIM: Housing Management should be prioritised	Housing management/Housing Development	N/A	N/A
26. Unemployment Insurance Act, No. 63 of 2001	100%	JOSHCO complies with all the provisions of this Act	N/A	Corporate Services	N/A	N/A
27. Value-Added Tax Act, No. 89 of 1991	100%	JOSHCO complies with all the provisions of the Act.	N/A	Finance	N/A	N/A

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

SECTION 1: RESPONSE TO STRATEGIC DIRECTION

JOSHCO's strategic focus is aligned to that of the City and focuses on the following key Mayor's Priorities:

Table 11: Strategic Objectives Alignment To City IDP Outcomes and Strategic Priorities.

2011 GDS	Outputs	COJ Strategic Priorities	GLU Programmes	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
1. Improved quality of life and development-driven resilience for all.	<ul style="list-style-type: none"> Food security is both improved and safeguarded. 	<ul style="list-style-type: none"> Safer City 	-	-	-
	<ul style="list-style-type: none"> Increased literacy, skills, and lifelong learning amongst all our Citizens. 	<ul style="list-style-type: none"> - - 	<ul style="list-style-type: none"> - - 	<ul style="list-style-type: none"> - - 	<ul style="list-style-type: none"> Provision of infrastructure resources for early childhood development. Gender-Based Violence seminars
	<ul style="list-style-type: none"> Substantially reduce HIV prevalence and non-communicable diseases and a fit City characterised by healthy living for all. 	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> -
	<ul style="list-style-type: none"> A safe and secure City. 	<ul style="list-style-type: none"> Safer City 	<ul style="list-style-type: none"> A safer City by re-introducing ward-based policing (Joburg 10+) and effective law enforcement. Combating drug and substance abuse, gender-based violence. Manage displaced communities and homelessness 	<ul style="list-style-type: none"> Improve the safety and security of all tenants residing in JOSHCO managed projects. 	<ul style="list-style-type: none"> Controlled access at all JOSHCO properties. Security upgrade: Installation of CCTV cameras, Biometrics

2011 GDS	Outputs	COJ Strategic Priorities	GLU Programmes	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
2. Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.	• Sustainable/ integrated infrastructure services.	• Sustainable service delivery.	• Accelerated and visible service delivery and re-introduction of co-production in the delivery of the essential services.	-	<ul style="list-style-type: none"> • Achieve all service level standards as agreed through SDA. • Critical roles filled within 90 days.
	• Eco-mobility	-	-	-	-
	• Sustainable human settlement.	• Integrated human settlement.	<ul style="list-style-type: none"> • Impact the housing market, including the integration, development and maintenance of hostels and flats. • Combat illegal land invasion and promote regulated land use. • Formalisation of informal settlement and accelerated rapid land release. 	• Increase social housing projects within the transport Inner City and Greenfield, including the suburbs and economic hubs.	• Number of social and affordable units developed city wide.
	• Climate change resilience and environmental protection.	• Sustainable environmental development.	- -	• Effectively managed Social Housing projects	<ul style="list-style-type: none"> • Installation of alternative energy solutions at all projects. • Rainwater harvesting systems. • Rooftop gardens in the Inner-City projects.
3. An inclusive, job-intensive, resilient, competitive, and smart economy that harnesses the potential of	• Job intensive economic growth.	• Job opportunity and creation.	• Job opportunity and creation.	• Contribute towards economic development through SMMEs Support and Job creation	<ul style="list-style-type: none"> • Number of EPWP job opportunity created. • Jobs created through development of capital projects

2011 GDS	Outputs	COJ Strategic Priorities	GLU Programmes	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
Citizens.	<ul style="list-style-type: none"> Promotion and support to small business. 	<ul style="list-style-type: none"> Economic development and growth. 	<ul style="list-style-type: none"> Development and support of the SMME's 	<ul style="list-style-type: none"> Contribute towards economic development through SMMEs Support and Job creation 	<ul style="list-style-type: none"> At least 30% of capital expenditure on at least 51 black-owned companies. At least 30% capital expenditure on SMMEs. Provision of financial and non-financial support to SMMEs
	<ul style="list-style-type: none"> Increased competitiveness of the economy. 	<ul style="list-style-type: none"> Smart City 	-	-	<ul style="list-style-type: none"> Installation of prepaid meters Development of JOSHCO App
4. A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated, and globally competitive Gauteng City Region.	<ul style="list-style-type: none"> Re/effective Citizen Gauteng City Region. 	-	-	-	-
	<ul style="list-style-type: none"> Responsive, account, efficient Metro. 	<ul style="list-style-type: none"> Good governance. 	-	-	<ul style="list-style-type: none"> Actively involve the public in pre-and post-implementation of the projects.
	<ul style="list-style-type: none"> Financially and administratively sustainable and resilient City. 	<ul style="list-style-type: none"> Financial sustainability. 	<ul style="list-style-type: none"> Improve and strengthen the financial position. 	<ul style="list-style-type: none"> Become a financially sustainable entity. 	<ul style="list-style-type: none"> A robust revenue collection. Diversification of revenue stream through student accommodation and outdoor advertising. Implementing the cost containment strategy, monitoring, and reporting thereof.
	<ul style="list-style-type: none"> Citizen empowerment and participation. 	<ul style="list-style-type: none"> Active and engaged Citizenry. 	<ul style="list-style-type: none"> Community based planning and enhanced 		<ul style="list-style-type: none"> Actively involve the public in pre-and post-implementation

2011 GDS	Outputs	COJ Strategic Priorities	GLU Programmes	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
			Community engagement, including Mayoral Izimbizo.	-	of the projects.
	-	• Smart City	-	-	<ul style="list-style-type: none"> • JOSHCO App • Customer Relation Management (Call Centre) • Smart metering system
	• Customer care and service.	• Active and engaged Citizenry.	-	-	• Review of all business processes.
	• Global positioning of Johannesburg.	-	-	-	-
	• Building cooperative and intergovernmental partnerships.	• Active and engaged Citizenry.	-	-	-
	• A responsive, corruption-free, efficient, and productive metropolitan government.	• Good governance.	<ul style="list-style-type: none"> • Combat corruption, fraud and, maladministration. 	• Strengthen governance and compliance.	• Robust internal control environment.
		• Minimising the impact of the COVID 19 Pandemic	<ul style="list-style-type: none"> • Comprehensive Health Response • Food Security Response • Enforcement and Compliance Measures • Economic impact and mitigation measures • Social mobilisation and solidarity • Continuation of Municipal Services 		<ul style="list-style-type: none"> • Avail buildings in response to COVID 19. • Provision of PPE to site officials • Enhanced IT systems to support working from home • Continue tenant education on COVID 19 containment measures.

2011 GDS	Outputs	COJ Strategic Priorities	GLU Programmes	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
			<ul style="list-style-type: none"> • Eradicating Gender Based Violence (GBV) and violence against children. 		<ul style="list-style-type: none"> • GBV Seminars at JOSHCO projects • Green Door initiatives at project level

SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

There were no events outside the planned deliverables that were executed during the quarter under review. The entity managed to complete the implementation of the ICT infrastructure that will significantly contribute to the uptime of the organisation.

SECTION 3: SERVICE DELIVERY CHALLENGES

Below are key challenges that were encountered during the quarter under review. These are challenges that are perpetuating however measures are put in place to address them

- The entity is still experiencing low rental collection
- Remote operation also has an adverse effect on the overall operation of the organisation

SECTION 4: CAPITAL PROJECTS PERFORMANCE

4.1: PROJECTS UPDATE

4.1.1 State of capital Inner City programme

Table below presents the Inner-City projects implemented by JOSHCO. In total JOSHCO will deliver a total of 257 completed units within the Inner City, through completion of Abel Street project during the current financial year.

Complete project with Occupation Certificate: the project has been constructed and complete in compliance with the provisions of the National Building Regulations Act 103 of 1977 as amended.

Developed units without services: these are units that have been developed for the intended purpose, but do not have some services. The units completed at this stage are not yet ready for occupation but are Work in Progress (WIP) reflecting Capital Expenditure.

Table 12 below reflects total project units yield upon completion, project duration in terms of contractual start and completion dates.

Table 12: Project programme

N o	Project Descriptio n	No Of Unit s	Original start date	Original completi on date	Revised Completi on Date	Comments on project project timelines	2021/22 Budget
1	106 Claim Street Inner City Building Conversio n Region F	80	21/11/2018	27/09/2019	30/11/2021	Project is almost complete; main busy with final electric installation, de-snagging and commissioning of installed services.	Inner-City
2	38 Rissik Street (NBS) Inner City Building Conversio n	+ -300	Project packaging stage	To be determined once service provider is appointed.	To be determined after procureme nt.	Management is finalizing the project specification and contracting method to be implemented for the project. Procurement to be initiated on second quarter of the financial year.	R 1,500 000.00
3	50 Durban Street Inner City Building Conversio n Region F	104	12/02/2018	11/02/2020	30/11/2021	The main Contractor has submitted a project recovery plan. Management and Professional team are monitoring the turn-around made by the Contractor on the project. The turn-around plan has so far moved the project to 95% completion level.	Inner-City
4	Abel Road Inner City Building Conversio n Region F	257	16/01/2018	01/07/2020	30/10/2021	The project is currently at Completion stage, Lifts have been installed, Fire Engineering equipment installed and inspected. The project is being prepared for Hand-over at the end of October 2021.	R 24 500 000.00
5	Booyens Place	-250	Pre- constructio n stage.	To be determined once the main Contractor is appointed	To be determined once the main Contractor is appointed	Professional team has been appointed and commenced with project pre-construction planning stage. A Project Inception report was submitted in July 2021.	R 2 000 000.00
6	Casa Mia	80	Pre- constructio n planning and design.	To be determined once the main Contractor is appointed	To be determined the once main Contractor is appointed.	The project is currently at pre-construction planning and design stage. The Professional team has been appointed and commenced with Project Scoping. There is currently a challenge to access the site due to illegal occupation of the Building. JOSHCO obtained an Eviction	R 2 500 000.00

						Order, which requires Law Enforcement to implement. Legal consultations are underway to properly execute the Order.	
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Table 13 below reflect the number of units to be delivered within the Inner-City programme:

Table 13: Inner City Programme

PROJECT NAME	APPROVED NO OF UNITS	PROPOSED NO OF UNITS	Q1	Q2	Q3	Q4	ANNUAL TARGET AND VERIFICATION.
16 Abel Street	257	257	0	0	0	257	Completion certificate.
38 Rissik Street	0	0	0	0	0	0	Professional team progress report.
Boyseens Place	0	0	0	0	0	0	Professional team progress report.
TOTAL	257	257	0	0	0	257	257

Table 14: Greenfield programme.

No	Project Description	No Of Units	Original start date	Original completion date	Revised Completion Date	Comments on project project timelines	2021/22 Budget
1	Lufhereng Social Housing Project	407	01/09/2019	30/08/2021	30/08/2022	<p>The project completion date has been reviewed due to a number of delay-events that necessitated Practical Completion date review such as:</p> <ul style="list-style-type: none"> COVID-19 National Lockdown. Works suspension. NHBRC Project Enrolment <p>The Developer was in line with the Development Agreement issued with confirmation of budget for the financial year.</p> <p>The Developer has been directed in mid-September 2021 to moved back and re-establish site within 14 days, failure which, termination of the Development Agreement will be effected.</p>	R 76 001 000.00
2	Nancefield Social Housing Project	372	04/05/2021	04/11/2022	None	The project is currently progress on site, the main Contractor working on earthworks and platforms on site.	R 50 000 000.00
3	Princess Plots Social Housing Project	333	01/11/2019	22/06/2021	21/05/2022	<p>At the beginning of the project in November 2019, there has been a number of delays-incidents on the project, ranging from :</p> <ul style="list-style-type: none"> SMME disputes on work-packages allocations; COVID-19 National Lockdown. 	R 52 900

						<ul style="list-style-type: none"> • Town Planning Consolidation matter conclusion. • Bulk-electricity implementation. <p>The project is currently progressing well on site after all the above matters were resolved, since July 2020.</p>	000.00
4	Randburg Selkirk Social Housing Project	145	20/11/2020	19/11/2021	30/11/2022	<p>The project is still facing a land-transfer challenge.</p> <p>A tri-partite agreement allowing for the land-transfer was signed between the Developer and JOSHCO, the only outstanding signature is that of JPC.</p> <p>JOSHCO is in constant engagement with JPC to get the final signature on the agreement.</p> <p>Once JPC has signed, the Development Planning department will be able to issue approvals against project designs and for construction to commence.</p>	R 58 000 000.00
5	Roodepoort Social Housing Upgrade	92	2/8/2019	2/9/2020	30/11/2021	<p>All units on the project have been complete, except connection of electricity.</p> <p>The Project team is assisting the main Contractor to engage City Power to fast-track acquisition and registration of pre-paid meters for all units on the project.</p> <p>A Contractor for the sewer is on site and work is currently underway with sewer upgrade required to accommodate this additional development in the area.</p>	R 4 655 000.00
6	Golden Highway Social Housing Project	333	11/10/2019	10/09/2021	10/12/2021	<p>The project is currently on suspension by the Developer against delayed payments. JOSHCO has processed all payments due to the Developer and instructed the Developer to move back to site.</p> <p>Noting non-compliance, JOSHCO has issued a letter in mid-September 2021, placing the Developer on default. Should the Developer not be able to remedy the default within 30 days, JOSHCO will terminate the contract.</p>	R 80 000 000.00
7	Jeepestown Social Housing	1336	20/01/2021	21/02/2023	No revised date	<p>A contractual breach has been identified on the side of the Developer, resulting into a Notice of Breach issued to the Developer towards the end of September 2021.</p> <p>Should the breach not be corrected</p>	R 75 530 000.00

						within 14 day, JOSHCO exercise its contractual provision as per Agreement and terminate.	
8	Riverside Social Housing	1108	28/01/2021	22/02/2023	No revised date	The pre-construction processes have progressed on the project well. The Developer has been issued with an Instruction To Proceed with NHBRC Enrolment process and commence with construction on two Erfs that are ready for construction.	R 75 000 000.00
9	Edenburg Social Housing	1031	21/01/2021	22/02/2023	No revised date	Pre-construction designs and engineering services reports have been submitted to Local Authority and are currently in circulation for approval. The approvals are expected during Q2 of the financial year, which will be followed by a application for a permit to commence construction on site. Land transfer process has initiated and underway, expected to conclude during quarter 2 of the financial year 2021/22.	R 72 500 000.00
10	Turn-Key: Region C	TBC	To be determined once procurement is concluded.	To be determined once procurement is concluded	No revised date	Procurement of a Developer to be concluded in quarter 3 of financial year 2021/22.	R 40 000 000.00

Table 15: Units to be developed on Greenfields:

PROJECT NAME	BUSINESS PLAN APPROVED NO OF UNITS	PROPOSED NO OF UNITS	Q4	ANNUAL TARGET AND VERIFICATION.
Randburg Project	90	0	0	Professional team progress report
Princess Plot	100	200	250	Professional team progress report.
Nancefield Project	100	50	100	Professional team progress report
Lutherheng Project	200	152	152	Professional team progress report.
Golden H/way	30	171	171	Professional team progress report
Jeppeshtown	60	0	0	Professional team progress report
Edenburg Project	90	0	0	Professional team progress report
Riversides Project	90	0	0	Professional team progress report
Region C Turnkey	90	0	0	Professional team progress report
TOTAL	850	673	673	

4.2 JOB CREATION AND SMME EXPENDITURE

JOSHCO was expected to spend at least 30% of its quarterly Capital expenditure on local SMME's. There is an under-achievement recorded on this target due to the current alignment of JOSHCO's Capital Programme. There are projects at various stages i.e Pre-construction planning, Land

acquisition and previous commitments settlements. While the general expenditure on local SMME's against Capital expenditure, projects that had involvement of SMME's during the quarter as they are at construction stage, 23.4% expenditure on SMME's was achieved.

We foresee and plan, an enhanced expenditure in the second quarter of financial year 2021/22 as projects that were at stage not requiring SMME's in quarter one, will be at construction stage and will start to have builder's work activities on site, and work-packages will be allocated to SMME's. The table below reflects the expenditure on SMME's from projects where construction activities were implemented during the quarter.

Table 16: SMME Expenditure.

PROJECT NAME	EXPENDITURE
Abel street	R205,245.90
Princess Plot	R1,542,614.04
Nancefield	R1,350,385.67
Total Q1	R3,098,245.61

4.3 CAPITAL PROJECTS AND EXPENDITURE

For 2021/22 financial year, JOSHCO had been allocated a total budget of R 648 000 million. At the end of first quarter, the Entity managed to spend a total of R 164 million, which translate to 26%, against a target of 20% for the quarter.

Table 17: CAPITAL Expenditure per category:

Expenditure Category	Construction	Pre-construction	Inner City	Land Acquisition
Expenditure	R 94,820,857.13	R 550,406.96	R 7,449,468.19	64,105,133.35
Percentage	14.63%	0.00	1.15%	9.89%

Table 18: Cumulative Expenditure Report as at 30 September 2021.

EXPENDITURE REPORT (Accumulative expenditure at Quarter 3/2021/22):										PROJECT STATUS	
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	QUARTER ONE	QUARTER TWO	QUARTER THREE	QUARTER FOUR	CERTIFIED CLAIMS	%	VARIANCE	Project Stage	
SOWETO TO CBD EMPLOYEES - PERTH	Nancefield Station	R 59,000,000.00	R 21,073,541.17	R 0.00	R 0.00	R 0.00	R 21,073,541.17	42.1%	R 28,926,458.83	Construction stage	
	Luthengo Social Housing	R 76,000,000.00	R 34,785,464.49	R 0.00	R 0.00	R 0.00	R 34,785,464.49	45.8%	R 41,214,535.51	Construction stage	
	Golden Highway Social Housing-Devland	R 80,000,000.00	R 16,285,483.32	R 0.00	R 0.00	R 0.00	R 16,285,483.32	20.4%	R 63,714,516.68	Construction stage	
	SUB-TOTAL A	R 205,000,000.00	R 72,145,468.98	R 0.00	R 0.00	R 0.00	R 72,145,468.98	35.0%	R 133,854,531.02		
CBD to Alexandra along Luis Botha Avenue	Casa Mia (Phase 1&2)	R 2,500,000.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0.0%	R 2,500,000.00	Pre-construction stage	
	Inner City Rental Housing	R 32,000,000.00	R 6,201,670.30	R 0.00	R 0.00	R 0.00	R 6,201,670.30	19.4%	R 25,798,329.70	Construction stage	
	38 Risak Street	R 1,500,000.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0.0%	R 1,500,000.00	Pre-construction stage	
	Rooyens Place	R 2,000,000.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0.0%	R 2,000,000.00	Pre-construction stage	
	Mariboro Social Housing	R 1,000,000.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0.0%	R 1,000,000.00	Pre-construction stage	
	6-16 Abel Street	R 24,500,000.00	R 1,247,797.89	R 0.00	R 0.00	R 0.00	R 1,247,797.89	5.1%	R 23,252,202.11	Construction stage	
	SUB-TOTAL B	R 63,500,000.00	R 7,449,468.19	R 0.00	R 0.00	R 0.00	R 7,449,468.19	11.7%	R 56,050,531.81		
	SUB-TOTAL C	R 58,000,000.00	R 580,406.96	R 0.00	R 0.00	R 0.00	R 580,406.96	0.9%	R 57,419,593.04		
Mining Belt	Randburg Selkirk	R 58,000,000.00	R 580,406.96	R 0.00	R 0.00	R 0.00	R 580,406.96	0.9%	R 57,419,593.04	Pre-construction stage	
	SUB-TOTAL C	R 58,000,000.00	R 580,406.96	R 0.00	R 0.00	R 0.00	R 580,406.96	0.9%	R 57,419,593.04		
	SUB-TOTAL D	R 57,500,000.00	R 22,675,368.15	R 0.00	R 0.00	R 0.00	R 22,675,368.15	42.9%	R 30,224,631.85		
New Greenfields	Region A: Riversides	R 75,530,000.00	R 42,439,606.76	R 0.00	R 0.00	R 0.00	R 42,439,606.76	56.2%	R 33,090,393.24	Pre-construction stage	
	Region B: Rhyolite	R 75,000,000.00	R 20,343,733.84	R 0.00	R 0.00	R 0.00	R 20,343,733.84	27.1%	R 54,656,266.16	Pre-construction stage	
	Region F: Jespestown	R 72,500,000.00	R 1,321,792.75	R 0.00	R 0.00	R 0.00	R 1,321,792.75	1.8%	R 71,178,207.25	Pre-construction stage	
	Region G:	R 40,000,000.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0.0%	R 40,000,000.00	Pre-construction stage	
	SUB-TOTAL E	R 263,030,000.00	R 64,105,133.35	R 0.00	R 0.00	R 0.00	R 64,105,133.35	24.4%	R 198,924,866.65		
TOTAL (A+B+C+D+E)		R 648,096,000.00	R 166,925,865.63	R 0.00	R 0.00	R 0.00	R 166,925,865.63	25.8%	R 481,170,134.37		

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation has 21 key performance indicators and targets in the 2021/22 business plan. In the quarter, 16 targets were due for reporting with 7 targets achieved, whilst 9 were not achieved. Though the scorecard performance is still concerning, comparison of past quarters performance shows that the entity is slowly recovering from a significant under achievement trend. Most of the KPIs, though underachieved, are slightly below the target.

Performance Targets	Targets
Total Annual Targets	21
Applicable targets in Q1	16
Targets achieved	7
Targets not achieved	9
Not due for reporting	5

Legend:

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

Table 19: Performance against Predetermined Objectives as at 30 September 2021

Key Performance area	Key Performance Indicator	Total Target for the year 2021/22	Q1 Target	Q1 Actual	Variance	Reasons for under achievement and remedial Action
Financial sustainability	Current Ratio	Current Ratio 1:1	1:1	0.79	-0.21	<p>The non-performance of this target is due to continued losses being incurred largely due to a high provision for bad debts and high operating costs.</p> <p>The entity's 5-year strategic plan which focuses on revenue enhancement activities in order to improve our financial sustainability is under implementation as follows:</p> <ul style="list-style-type: none"> • Increase in management fee income earned on projects implemented on behalf of other COJ entities – for the FY2020/21 we saw an increase of 391% compared to FY2019/20. We expect to continue to see increases in the current financial year. JOSHCO continues to engage and evaluate other interests for the use of our panels from other COJ entities. • Student accommodation – pilot phase is currently under implementation. Occupancy rate is below 20% because of delay in finalisation of the accreditation process with Wits and UJ which resulted in students securing alternative accommodation. • Outdoor advertising – tender to appoint a service provider to manage the outdoor advertising is in progress at evaluation stage. We anticipate appointing a service provider in October 2021. • Prepaid vending system – service provider appointed in June 2021 to assist with reduction of utilities costs and transferring of costs to users. The implementation is in progress.
	Solvency Ratio	Solvency Ratio 1:1	1:1	0.82	-0.18	
	Cost coverage ratio	50 Coast coverage ratio	50 days	222 days	-572 days	<p>Non-performance is due to low cash balances and an overdraft as a result of settlement of suppliers prior to receiving claims from the Department of Housing (Housing) and the Corporate Asset Management (CAM) department.</p> <p>The entity is meeting weekly with the departments to track the payment of invoices due in order to improve our cash balances.</p>

	Remuneration to Operational expenditure (OPEX) up to 40%	Remuneration to Operational expenditure (OPEX) up to 40%	Remuneration to Operational expenditure (OPEX) up to 40%	36%	4%	Achieved
	% Collection in respect of current debtors	90% Collection in respect of current debtor	90%	56%	-34%	<p>Non-achievement of this target is due to continued low rental collection across all projects. The pandemic continues to have an effect on our tenants as many have requested an extension to the payment holiday offered in the past financial year as they are still not getting their full salaries.</p> <p>The debt collecting company has collected R2.3 million for the quarter for outstanding debt older than 90 days handed over to them.</p> <p>Evictions will be executed once sheriffs of the court are available to execute orders.</p> <p>Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.</p>
Job creation	Number of jobs created for the unemployed through EPWP programme	500 number of jobs created for the unemployed through EPWP programme	100	128	+28	Achieved
Economic Development	% of capex spent on SMME	30% of capex spent on SMME	30%	2%	-27%	Although, JOSHCO has spent a total of R 112 million against its Capital Budget, not all the expenditure has been directed on projects where SMME's participated during the quarter under review. Majority of the

						<p>expenditure has been allocated to land-acquisition, pre-construction activities and settlement of outstanding amounts.</p> <p>The Entity has however recorded 23.7% expenditure on projects where local SMME's were involved during the quarter.</p> <p>Management is reviewing the SMME work-packages and the contracting strategies in order to eliminate "Labour-Only" work-packages that local SMME's settle for due to lack of capital required to participate on "Supply & Fit work-packages.</p>
	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	99.52 %	- 0.48 %	There was increased pressure on the team as we were also preparing for the AGSA audit at the beginning of the quarter. Additional personnel in SCM and Finance are in the process of being appointed to assist with increased volume of invoices relating to Special Projects.
Social Housing Development	No of Social Housing units developed	1038	-			Annual target, progress provided in chapter 3
	No of Social Housing units completed	257	-			Annual target, progress provided in chapter 3
	% Capital budget spent	95% capital budget spent	20%	26%	6%	Achieved
Effective property management	% Occupancy rate	98% occupancy rate	98% occupancy rate	98.18 %	0.18 %	Achieved

	Number of building conditional assessment concluded	10 Buildings conditional assessment	4	4	0	Achieved
Adherence to Corporate Government Principles	Unqualified audit opinion	Unqualified audit opinion	-			Annual Target
	% Compliance to law and regulation	95% Compliance to laws and regulations	95%	81	-14	Under performance was due to acts that still have gaps that acts owners are putting measures in place to address. POPI Act still requires more work for the entity to fully comply. Workshop were held with departments identified as key to raise awareness and assist implementation of controls that are possible in the short term. Service provider will be appointed to conduct thorough assessment once budget is available
	% Implementation of targeted corrective action against identified risks	95% Implementation of targeted corrective action against identified risks	20%	33%	+13%	Achieved
Corporate governance	% Implementation of targeted corrective action against internal audit findings	95% implementation of targeted corrective action against internal audit findings	95%	78%	-17%	Internal Audit notice improvement in the implementation of corrective action, even though the target was not achieved. Document management has been the main cause of not achieving the target. The implementation of corrective action will be standing item in Exco meetings. Every departmental head has to account and provide proper action plan and date of implementation of corrective action on audit findings.
	% Implementation	100% implementation	100%	86%	-14%	AGSA are currently executing 2020/21 audit. Internal Audit did not follow-up on

	n of targeted corrective action against external audit findings	of targeted corrective action against external audit findings				implementation of corrective action on AGSA findings. The numbers indicated are for the prior quarter. The future action plan to achieve the set target on AGSA findings will be similar to what is outlined for Internal Audit corrective action.
	% Filling of vacancies from middle management to Executive Management	100% Filling of vacancies from middle management to Executive Management	100% filling of vacancies	100%		Achieved
	% Customer satisfaction rating	85% Customer satisfaction rating	-			Annual target The department responsible has commenced with the planning of the survey
	% Employee satisfaction rating	70% employee satisfaction rating	-			Annual target The department responsible has commenced with the planning of the survey

**Ratios are calculated per MFMA Circular No. 71*

SECTION 6: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

The relationship of JOSHCO and City of Johannesburg as a parent municipality and the sole shareholder of the entity is formalised through various processes and documentation that include the Service Delivery Agreement and the Shareholder compact. Section 93B (a) of 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 Service Level Standards. In the quarter under review six standards were achieved against the target of seven. The agreed service standards with the city covers the following:

- 98% accurate bills of all active customers
- 96% of maintenance request attended within 14 working days
- Routine building maintenance once per year and as when 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.

Below is the entity's performance for Quarter ending 30 September 2021 related to the service level standards:

Table 20: Service Level Standard Performance as at 30 September 2021.

Core Service	Service Level Standard Target	July	August	September	Quarter 1	Evidence	Variance	Variance explanation	Mitigations
Billing of customers	98% accurate bills of all active customers	98%	98%	97.79%	98%	Dated and signed prebilling monthly report for each project; and tariffs schedule	None	None	None
Attending to request to maintenance	96% of maintenance request attended within 14 working days of the logged call	82.2 %	93.60 %	97.26%	91.02%	MDA/Jobs report	-5%	The month of July was affected by the system that was done for a longer period. The ripple effect of that challenge was also felt in the Month of August that had backlog that needed to be cleared.	Standard Operation Procedure is being reviewed to better manage the value chain and dependencies in the execution of this SLS
Routine building maintenance	Once per year and as when required	There was no planned routine maintenance on	100%	100%	100%	Service Plan for 2019/20 submitted once during quarter 1 or when reviewed; and	None	None	None

		this month				MDA/ jobs report			
Applicati on of rental housing	Outcome of enquiry to be sent to application within 5 days	1 day	1 day	1 days	1 day	Emails database and emails	None	None	None
Applicant of rental housing	Outcome of the application communicated within 10 working days	2 days	3 days	2 days	2 days	Dated and signed tracking document; and SMS report	None	None	None
Resolutio n of complain ts	Acknowledge ment and response within 24 hours of complaint being logged	24 Hours	24 hours	24 hours (88 of 88)	24 hours	Automated emails	None	None	None
Resolutio n of complain ts	Resolution within 5 working days of logged call	1 day	1 day	0,20 day (64 of 88)	1 day	Monthly spreadsheet with a summary of all queries attended to for the reportable month; and Emails.	None	None	None

6.1 PERFORMANCE AGAINST SERVICE STANDARDS (DETAILED)

6.1.1 Maintenance Function

Maintenance is a component of Property Management, which is a strategy for retaining and growing the value of the building as an asset. Maintenance is therefore pivotal to the management of the entire investment in the building. Maintenance falls into the following categories:

- Common area and grounds maintenance
- Vacancy re-instatement maintenance
- Planned maintenance
- Reactive maintenance

The total maintenance cost incurred for the quarter amounted to **R7 678 202**. A total of **1351** reactive jobs were logged between July 2021 and September 2021 at a cost of **R 5 197 538**, and

R 2 480 664 was spent on planned maintenance programmes. The SDA key performance indicator of 96% relating to the number of maintenance cases closed within turnaround of fourteen (14) days was not achieved with **94.97%** being reached. The KPI target was not achieved but narrowly missed due to

system technical issues experienced in July and the subsequent backlog that was required to be worked through in August. To mitigate this KPI performance, SCM should approve the logged jobs within the 14 days turnaround time.

A total of 1351 jobs were logged during the quarter with 742 tenants having maintenance conducted within their units and this aggregates to nine percent (8.19%) of the total portfolio of units.

The average maintenance cost of R573.87 per unit for the quarter which equates to an average of R191.29 per month which is within the recommended SHRA benchmark of R200 maintenance costs per unit per month.

CHART 1: JOBS LOGGED & RESOLVED



Figure 4: Complaints Logged for quarter 3

CHART 2: SERVICE TYPES

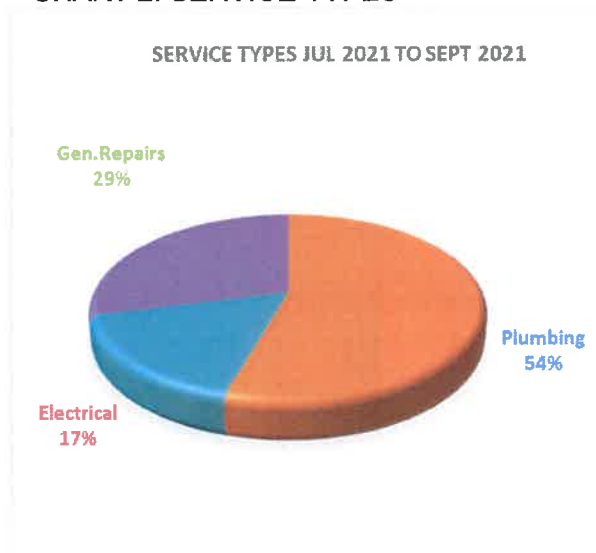


Figure 5: Types of services breakdowns

CHART 3: TOTAL NUMBER OF JOBS PER PORJECT

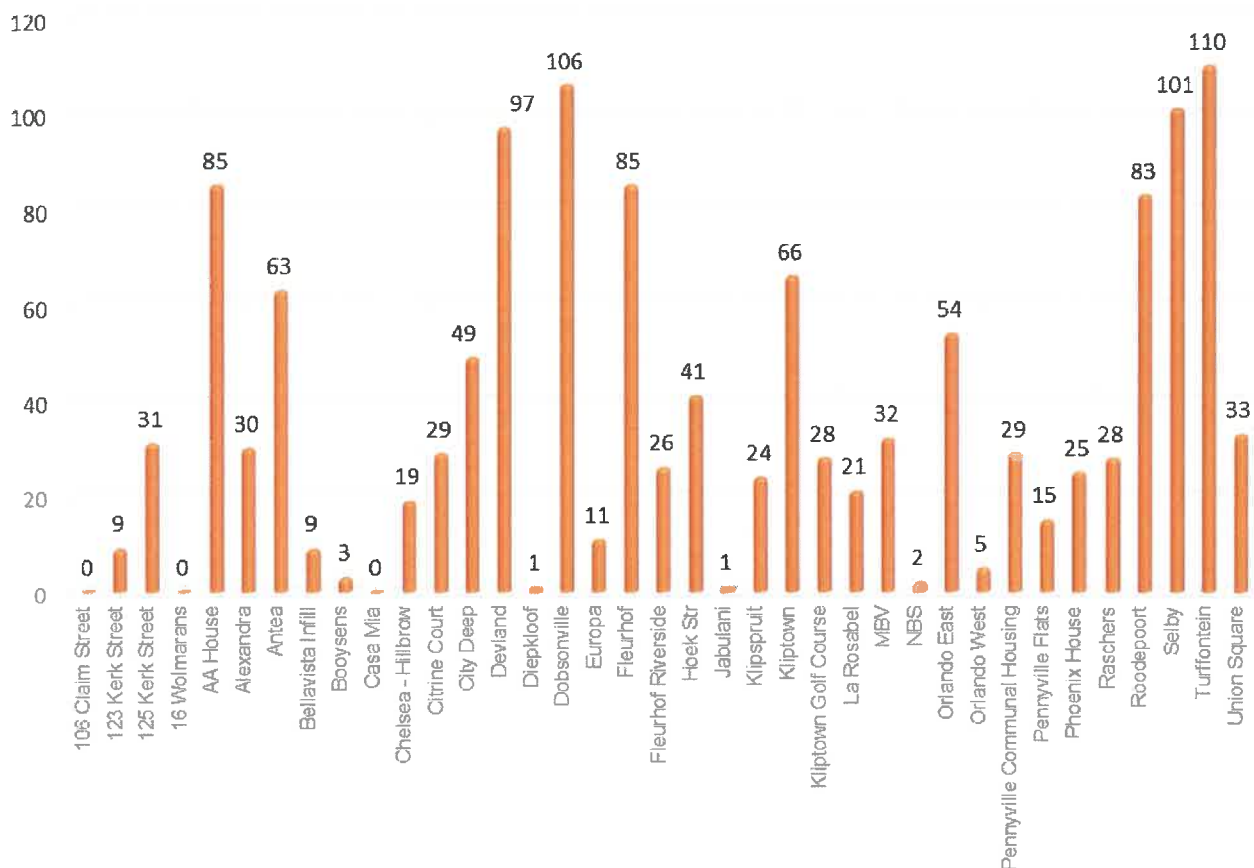


Figure 6: Total number of jobs per project

CHART 4: JOBS PER PROJECT TYPE

JOBS PER PROJECT TYPE



Figure 7: jobs per project type

CHART 5: % COST PER PROJECT TYPE

PERCENTAGE COST PER PROJECT TYPE

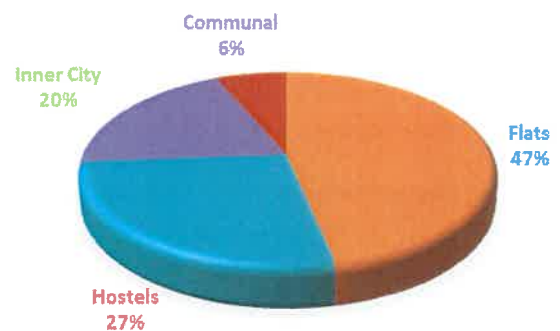


Figure 8: % Cost per project type

The following table provides and analysis of maintenance costs per project for the 1st quarter of 2021-2022.

Table 21: Project Unplanned Maintenance Costs

Project Name	Cost Q1	% of Cost Q1	Budget YTD	% Budget YTD	Annual Budget	% Budget Spent
123 Kerk Street	16 275.80	0.31%	55 000.00	29.59%	220 000.00	7.40%
125 Kerk Street	64 138.59	1.23%	135 000.00	47.51%	540 000.00	11.88%
AA House	163 267.08	3.14%	180 000.00	90.70%	720 000.00	22.68%
Alexandra	121 228.14	2.33%	165 000.00	73.47%	660 000.00	18.37%
Antea	295 864.20	5.69%	205 000.00	144.32%	820 000.00	36.08%
Bellavista Infill	35 204.99	0.68%	42 000.00	83.82%	168 000.00	20.96%
BooySENS	42 724.07	0.82%	30 000.00	142.41%	120 000.00	35.60%
Chelsea	24 317.21	0.47%	81 000.00	30.02%	324 000.00	7.51%
Citrine Court	98 335.79	1.89%	105 000.00	93.65%	420 000.00	23.41%
City Deep	222 752.46	4.29%	465 000.00	47.90%	1 860 000.00	11.98%
Devland	124 816.43	2.40%	172 250.00	72.46%	689 000.00	18.12%
Dobsonville	3 446.93	0.07%	18 000.00	19.15%	72 000.00	4.79%
Diepkloof	457 685.26	8.81%	530 000.00	86.36%	2 120 000.00	21.59%
Europa	33 580.04	0.65%	52 500.00	63.96%	210 000.00	15.99%
Fleurhof	413 526.68	7.96%	362 500.00	114.08%	1 450 000.00	28.52%
Fleurhof Riverside	38 664.51	0.74%	162 500.00	23.79%	650 000.00	5.95%
Hoek Street	189 756.49	3.65%	156 000.00	121.64%	624 000.00	30.41%
Jabulani	13 859.93	0.27%	25 500.00	54.35%	102 000.00	13.59%
Klipspruit	134 538.02	2.59%	66 000.00	203.85%	264 000.00	50.96%
Kliptown	197 690.97	3.80%	246 000.00	80.36%	984 000.00	20.09%
Kliptown Golf Course	72 039.84	1.39%	150 000.00	48.03%	600 000.00	12.01%
La Rosabel	48 502.13	0.93%	81 000.00	59.88%	324 000.00	14.97%
MBV	140 278.27	2.70%	138 000.00	101.65%	552 000.00	25.41%
NBS	29 989.40	0.58%	45 000.00	66.64%	180 000.00	16.66%
Orlando East	114 772.46	2.21%	189 000.00	60.73%	756 000.00	15.18%
Orlando West	17 293.71	0.33%	33 000.00	52.41%	132 000.00	13.10%
Pennyville Communal	216 152.76	4.16%	82 500.00	262.00%	330 000.00	65.50%
Pennyville Flats	127 692.07	2.46%	111 250.00	114.78%	445 000.00	28.69%
Phoenix House	48 623.73	0.94%	45 000.00	108.05%	180 000.00	27.01%
Raschers	47 428.22	0.91%	66 000.00	71.86%	264 000.00	17.97%
Rodepoort	484 054.06	9.31%	211 000.00	229.41%	844 000.00	57.35%
Selby	605 540.24	11.65%	238 500.00	253.90%	954 000.00	63.47%
Turffontein	378 026.22	7.27%	325 000.00	116.32%	1 300 000.00	29.08%
Union Square	175 471.69	3.38%	300 000.00	58.49%	1 200 000.00	14.62%
Grand Total	5 197 538.39	100.00%	5 269 500.00	98.63%	21 078 000.00	24.66%

6.2 UNPLANNED MAINTENANCE

Unplanned maintenance also referred to as reactive maintenance occurs when the failure of a building component requires immediate attention, it restores the component to operational condition following an unforeseen failure. The bulk of these activities are a response to requests lodged by tenants residing within JOSHCO buildings and preserves the tenant's comfort and convenience.

The jobs per service type remains consistent with the historical trends with thirty percent (29%) of jobs relating to general repairs and maintenance, fifty four percent (54%) to plumbing, and sixteen (17%) to electrical. Plumbing remain the majority of the jobs due to blockages to drainage systems, aging infrastructure in converted hostel projects, replacement of geysers that burst due to the end of their life span and are out of warranty, repair and replacement of leaking water supply piping, replacement of sanitary fittings such as baths, basins and toilet that have failed due to the end of their life span, replacement of taps that have failed due to the end of their life span.

The following chart provides an analysis of the service type trends per quarter for the financial year 20/21-21/22 as compared to the previous year.

CHART 6: SERVICE TYPE TREND ANALYSIS

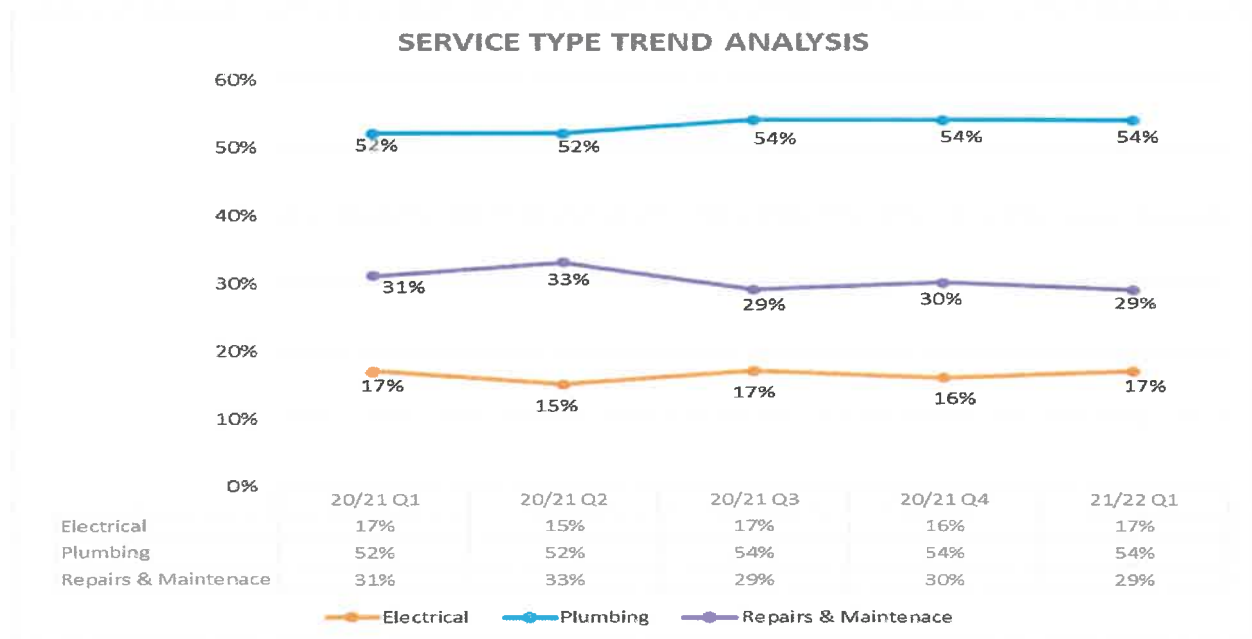


Figure 9: Service type trend analysis

6.3 TURNAROUND TIMES

Table 22: The following table provide a breakdown of maintenance turnaround achieved per project.

Project	Total	Meet Turnaround	Outside Turnaround	Percentage
123 Kerk Street	9	8	1	88.89%
125 Kerk Street	31	27	4	87.10%
AA House	85	79	6	92.94%
Alexandra	30	30	-	100.00%
Antea	63	52	11	82.54%
Bellavista Infill	9	8	1	88.89%
Booyens	3	3	-	100.00%
Chelsea - Hillbrow	19	19	-	100.00%
Citrine Court	29	25	4	86.21%
City Deep	49	49	-	100.00%
Devland	97	96	1	98.97%
Dobsonville	106	105	1	99.06%
Diepkloof	1	1	-	100.00%
Europa	11	11	-	100.00%
Fleurhof	85	85	-	100.00%
Fleurhof Riverside	26	26	-	100.00%
Hoek Street	41	41	-	100.00%
Jabulani	1	1	-	100.00%
Klipspruit	24	24	-	100.00%
Kliptown	66	65	1	98.48%
Kliptown Golf Course	28	24	4	85.71%
La Rosabel	21	21	-	100.00%
MBV	32	30	2	93.75%
NBS	2	2	-	100.00%
Orlando East	54	46	8	85.19%
Orlando West	5	5	-	100.00%
Pennyville Communal Housing	29	29	-	100.00%
Pennyville Flats	15	15	-	100.00%
Phoenix House	25	22	3	88.00%
Raschers	28	28	-	100.00%
Roodepoort	83	75	8	90.36%
Selby	101	100	1	99.01%
Turffontein	110	100	10	90.91%
Union Square	33	31	2	93.94%
Grand Total	1 351	1 283	68	94.97%

The following chart provides a breakdown of maintenance turnaround in days.

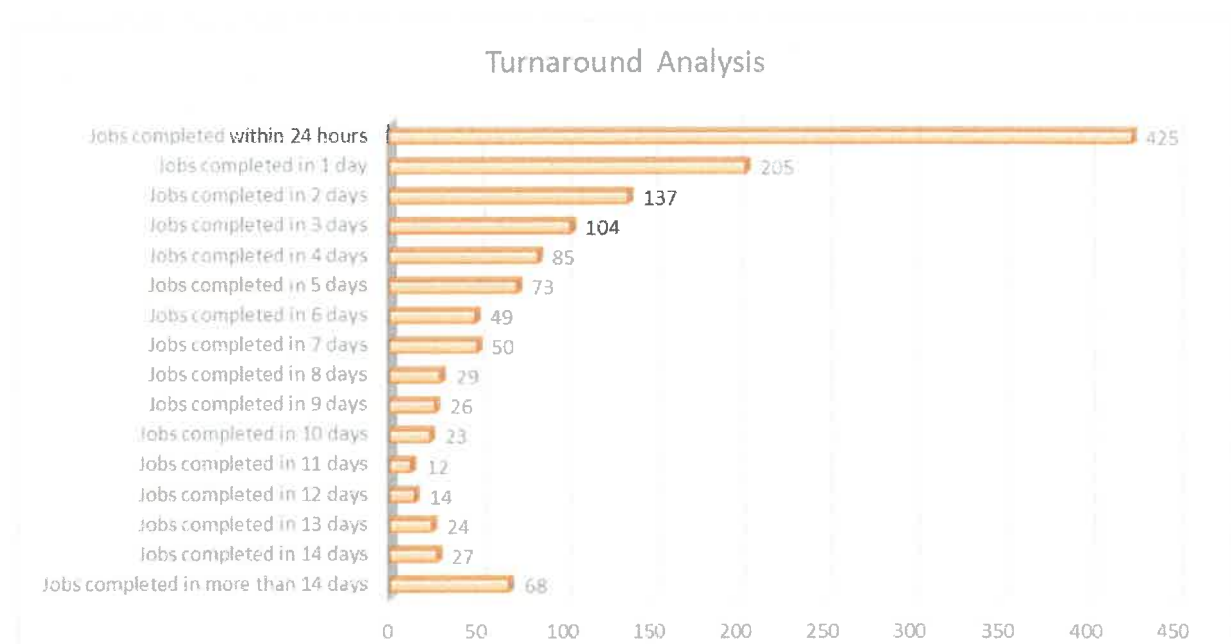


Figure 10: Breakdown of maintenance turnaround in days.

6.4 PLANNED MAINTENANCE SCHEDULE

Planned maintenance works at predetermined intervals is to meet legislative, health, and safety, technical or operational reliability considerations, and to preserve the asset and prolong its economic life. Planned maintenance consists of preventative, legislative, and condition-based maintenance. The benefit of preventative maintenance includes to minimise the likelihood of building asset failures, health and safety issues and disruptions to service delivery. Legislative maintenance is maintenance to meet requirements mandated in Acts, Regulations, or any other legal requirements instrument.

Condition-based maintenance is identified because of a condition assessment or inspection process. The maintenance work is carried out because the physical condition of a building structure, building elements, or service is below the acceptable standard. The following table provides a breakdown of planned maintenance executed during the 2021-2022 financial year.

Table 23: Planned maintenance schedule

PLANNED MAINTENANCE: 2021-2022	Quarter 1
OHSA	
Service fire equipment	200 949.16
EPWP	
EPWP Programmes	309 079.00
AA House	
PLANNED MAINTENANCE: 2021-2022	Quarter 1
Installation of steel doors in communal bathrooms	53 287.17
Service of roller shutter doors	8 397.60
Repair & installation additional washing lines	127 543.06
Painting window frames	22 467.12
Antea	
Installation of security gates at the storeroom	7 576.37
Installation of LED lights in corridors	15 816.28
City Deep	
Drawings to convert admin office to retail space	5 038.56
Devland	
Servicing of solar geysers	172 645.00
Europa House	
Waterproofing of roof area	36 337.58
Fleurhof Junction	
Repair & service of heat pump systems	325 693.00
Interior painting & repairs of units	199 669.27
Maintenance of common area lights	27 406.01
Repair of paving in all blocks	63 911.56
Painting of parking and traffic lines	20 549.40
Fleurhof Riverside	
Repair & service of heat pump systems	53 933.00
Hoek Street	
Service of heat pump system	23 780.73
La Rosabel	
Installation of security bars at the building entrance	21 084.13
MBV	
Repair to common area lights	78 808.72
Orlando Ekhaya	
Service of solar geysers	173 745.00

Pennyville	
Replacement of geyser overflow pipes in all blocks	106 315.90
Installation of fascia boards at all flats	83 259.12
Raschers	
Service of heat pumps	22 889.40
Installation of security gates at the washing area	5 488.07
Selby	
Installation of speed reducing bumps in parking area	25 949.44
Installation of gate motors at project entrance & exit	46 778.06
Textile House	
Separation of PVC waste pipes to prevent blockage	63 902.16
PLANNED MAINTENANCE: 2021-2022	Quarter 1
Tshedzani Flats	
Internal painting & tiling of units	49 135.91
Clean out of gutters & downpipes	
Turffontein	
Servicing of heat pump systems	29 400.00
Union Square	
Refurbishment of retail space	51 241.39
Installation of flood lights on the roof area	13 524.18
Securing of all common area distribution boards	22 947.74
Installation of notices boards	12 114.95
Total Expenditure	2 480 664.04

6.5 MAINTENANCE ANALYSIS PER PROJECT

The following table provides an analysis of maintenance costs per project, per service type, and distinction of maintenance conducted within tenant's residential units and common areas.

Table 24: Maintenance analysis per project

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
123 Kerk Street	Electrical	1	-	1	727
	Plumbing	3	2	5	11 998
	Repairs & Maintenance	2	1	3	3 551
123 Kerk Street Total		6	3	9	16 276
125 Kerk Street	Electrical	3	2	5	12 522
	Plumbing	7	5	12	19 671
	Repairs & Maintenance	11	3	14	31 946
125 Kerk Street Total		21	10	31	64 139

AA House	Electrical	7	6	13	16 170
	Plumbing	26	29	55	87 023
	Re-instatement	1	-	1	4 560
	Repairs & Maintenance	9	7	16	55 514
AA House Total		43	42	85	163 267
Bothlabela	Electrical	-	3	3	19 501
	Plumbing	-	23	23	69 939
	Repairs & Maintenance	-	4	4	31 788
Bothlabela Total		-	30	30	121 228
Antea	Electrical	10	-	10	15 685
	Plumbing	27	6	33	173 246
	Re-instatement	-	1	1	16 375
	Repairs & Maintenance	11	8	19	90 559
Antea Total		48	15	63	295 864
Bellavista Infill	Electrical	1	1	2	2 446
Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
	Plumbing	5	-	5	15 649
	Repairs & Maintenance	2	-	2	17 110
Bellavista Infill Total		8	1	9	35 205
Boysens	Plumbing	1	2	3	42 724
Boysens Total		1	2	3	42 724
Chelsea - Hillbrow	Electrical	-	3	3	619
	Plumbing	-	15	15	23 407
	Repairs & Maintenance	-	1	1	291
Chelsea - Hillbrow Total		-	19	19	24 317
Citrine Court	Plumbing	5	5	10	7 710
	Re-instatement	5	1	6	63 268
	Repairs & Maintenance	8	5	13	27 359
Citrine Court Total		18	11	29	98 336
City Deep	Electrical	2	4	6	37 455
	Plumbing	16	9	25	84 903
	Re-instatement	2	-	2	23 586
	Repairs & Maintenance	11	5	16	76 808
City Deep Total		31	18	49	222 752
Devland	Electrical	10	6	16	19 915
	Plumbing	29	15	44	50 785
	Repairs & Maintenance	13	22	35	50 160
	Garden Services	-	2	2	3 956
Devland Total		52	45	97	124 816
Diepkloof	Plumbing	1	-	1	3 447
Diepkloof Total		1	-	1	3 447

Dobsonville	Electrical	18	6	24	70 167
	Plumbing	38	21	59	233 076
	Re-instatement	5	-	5	39 903
	Repairs & Maintenance	10	8	18	114 540
Dobsonville Total		71	35	106	457 685
Europa	Electrical	-	3	3	13 280
	Plumbing	-	4	4	10 203
	Repairs & Maintenance	2	2	4	10 097
Europa Total		2	9	11	33 580
Fleurhof	Electrical	16	12	28	124 886
	Plumbing	23	21	44	111 599
	Re-instatement	1	-	1	19 142
	Repairs & Maintenance	15	23	38	196 565
Fleurhof Total		55	56	111	452 191
Hoek Street	Electrical	1	2	3	14 586
	Plumbing	-	32	32	100 957
	Re-instatement	3	-	3	13 910
Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
	Repairs & Maintenance	-	3	3	60 304
Hoek Street Total		4	37	41	189 756
Jabulani	Plumbing	-	1	1	13 860
Jabulani Total		-	1	1	13 860
Klipspruit	Electrical	7	3	10	62 162
	Plumbing	-	9	9	40 728
	Repairs & Maintenance	-	5	5	31 648
Klipspruit Total		7	17	24	134 538
Kliptown	Electrical	11	4	15	14 580
	Plumbing	17	7	24	41 996
	Re-instatement	7	1	8	110 608
	Repairs & Maintenance	15	4	19	30 507
Kliptown Total		50	16	66	197 691
Kliptown Golf Course	Electrical	1	-	1	2 064
	Plumbing	14	5	19	39 256
	Repairs & Maintenance	2	5	7	23 758
	EPWP	-	1	1	6 962
Kliptown Golf Course Total		17	11	28	72 040
La Rosabel	Electrical	-	4	4	6 184
	Plumbing	2	9	11	30 535
	Repairs & Maintenance	2	4	6	11 783
La Rosabel Total		4	17	21	48 502
MBV	Electrical	-	2	2	4 678

	Plumbing	-	24	24	104 461
	Repairs & Maintenance	1	5	6	31 139
MBV Total		1	31	32	140 278
NBS	Repairs & Maintenance	-	2	2	29 989
NBS Total		-	2	2	29 989
Orlando East	Electrical	6	3	9	22 735
	Plumbing	22	6	28	42 125
	Re-instatement	1	-	1	11 854
	Repairs & Maintenance	12	3	15	25 881
	Fire Equipment	1	-	1	12 178
Orlando East Total		42	12	54	114 772
Orlando West	Electrical	-	1	1	1 760
	Plumbing	1	-	1	2 922
	Repairs & Maintenance	3	-	3	12 611
Orlando West Total		4	1	5	17 294
Pennyville	Electrical	2	1	3	8 413
	Plumbing	10	23	33	255 119
	Repairs & Maintenance	3	5	8	80 312
Pennyville Total		15	29	44	343 845
Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
Phoenix House	Electrical	1	2	3	9 541
	Plumbing	7	10	17	19 518
	Repairs & Maintenance	3	2	5	19 565
Phoenix House Total		11	14	25	48 624
Raschers	Electrical	1	7	8	5 862
	Plumbing	1	17	18	14 592
	Repairs & Maintenance	1	1	2	26 974
Raschers Total		3	25	28	47 428
Roodepoort	Electrical	3	3	6	50 952
	Plumbing	36	27	63	276 037
	Re-instatement	3	-	3	64 041
	Repairs & Maintenance	1	10	11	93 024
Roodepoort Total		43	40	83	484 054
Selby	Electrical	14	4	18	102 684
	Plumbing	50	8	58	334 044
	Repairs & Maintenance	22	3	25	168 812
Selby Total		86	15	101	605 540
Turffontein	Electrical	16	4	20	163 292
	Plumbing	30	23	53	88 594
	Re-instatement	3	-	3	24 796
	Repairs & Maintenance	29	5	34	101 344

Turffontein Total		78	32	110	378 026
Union Square	Electrical	5	3	8	108 464
	Plumbing	4	3	7	16 168
	Repairs & Maintenance	11	7	18	50 839
Union Square Total		20	13	33	175 472
Grand Total		742	609	1 351	5 197 538

SECTION 7. PROGRAMMES TO EFFECTIVELY MANAGE SOCIAL HOUSING PROJECTS

7.1 BUILDING CONDITION INSPECTIONS

JOSHCO has appointed a company to undertake building condition assessment of all JOSHCO projects. The purpose of the condition assessment is to provide JOSHCO with an overall indication of the condition of the building and any repairs and maintenance required to restore the asset to a good standard. The service provider will assist with the development of budgets for required repairs and refurbishments in current year and future years. The complete exterior of all buildings will be inspected and a sample of the interior of units will be audited, with the information regarding of the condition being reported to JOSHCO. The service provider has completed inspections at four (4) projects during the first quarter.

This is the estimated amount required to bring the under mentioned building to acceptable standard. To effectively manage the maintenance costs. The rest of the buildings will be reported after conditional assessment had been conducted on quarterly basis.

Building	Estimated Amount
Chelsea	R25 000 000.00
La Rosabella	R 19 000 000.00
Bellavista Infill	R 5 000 000.00
Citrine Court	R15 000 000.00

7.2 ALTERNATIVE ENERGY SOLUTIONS

JOSHCO is focused on delivering on CoJ's commitments regarding climate change declarations, while working steadfastly on improving the liveability and sustainability of Johannesburg as a developing urban centre. In the 2021/22 financial year JOSHCO will be implementing a programme whose objective is to foster building resilience, resource efficiency, emission reductions. The programme will include the retrofit and use of LED lights in communal

areas at twelve housing projects and the installation of two solar power solutions. The projects had been identified during the first quarter and implementation will commence in the following quarters:

Retrofitting of LED Lights and Solar Panels

LED Lights retrofitting programme			Solar Energy Solution programme	
Quarter 2	Quarter 3	Quarter 4	Quarter 3	Quarter 4
Antea	Raschers	AA House	Citrine	Fleurhof
Bellavista	City Deep	Chelsea		
Citrine	La Rosabel	Phoenix House		
Klipspruit	Europa	Textile House		

7.3 SAFETY AND SECURITY

The following projects had been identified to be fitted with burglar proofing system.

Burglar installation

Door burglars		Window burglars	
Quarter 3	Quarter 4	Quarter 3	Quarter 4
Dobsonville	Turffontein	AA House	Raschers Building

7.4 MAINTENANCE PROCESS REFINEMENT

In striving to effectively manage social housing projects and improve customer satisfaction JOSHCO undertakes to have all housing supervisor staff receive property management training during the second quarter. To mitigate the risk of sub-standard workmanship of maintenance works, all major maintenance works will be signed and certified by the Portfolio Managers. This quality check process will ensure that the final products meet the required standard.

SECTION 8. ANALYSIS OF OCCUPANCY LEVELS PER PROJECT

A full analysis of occupancy levels is provided in the table below shows occupancy levels against SHRA required target of 97% and JOSHCO target of 98,18%.

Table 25: OCCUPANCY LEVELS PER PROJECT

No.	Project Name	MDA No. Leases	Active Leases	Terminated	Occupancy rate
1.	AA House	253	248	5	98.02%
2.	African Diamond	61	53	8	86.88%
3.	Antea	409	358	51	87.53%
4.	Bellavista Infill	36	35	1	97.22%
5.	Bothlabela	521	519	2	100%
6.	Chelsea	80	80	0	100%
7.	Citrine Court	79	72	7	97.94%
8.	City Deep New	329	329	0	100%
9.	City Deep Old	425	414	11	97.41%
10.	Devland	255	254	1	99.60%
11.	Dobsonville	502	499	3	99.40%
12.	Diepkloof	148	146	2	98.64%
13.	Europa House	167	166	1	99.40%
14.	Fleurhof Ph. 1	452	447	6	98.89%
15.	Fleurhof Ph. 2	252	251	1	99.60%
16.	Hoek Street	265	260	5	98.11%
17.	Jabulani	54	54	0	100%
18.	Klipspruit (Beds)	54	54	0	100%
19.	Kliptown Golf C	936	929	7	99,25%
20.	Kliptown Square	478	477	1	99.79%
21.	La Rosabel	50	49	1	98%
22.	MBV	188	185	3	98.40%
23.	Orlando Ekhasa 2	190	187	3	98.42%
24.	Orlando Ekhasa 1	102	99	3	97.05%
25.	Orlando West	44	44	0	100%
26.	Pennyville (Flats)	198	195	3	98.48%
27.	Pennyville Rooms	564	564	0	100%
28.	Phoenix House	135	131	4	97.03%
29.	Rashers' Building	95	95	0	100%
30.	Roodepoort	432	430	2	99.54%
31.	Selby Rooms	19	19	0	100%
32.	Selby Units	268	266	2	99.3%
33.	Textile Building	162	142	20	87.65%
34.	Turffontein	525	522	3	99.42%
35.	Union Square	341	334	7	97.94%
	Totals	9057	8892	165	98.18%

8.1 THE PROGRESS REPORT ON REGULARIZATION PROCESS IN MARCH 2021

The table below indicates the progress made in September 2021. The total number of 90 families were visited for the purpose of regularisation within JOSHCO Portfolios. An illegal occupant is anyone who is occupying JOSHCO unit without a signed lease agreement and in some instances the lease holder left dependents in the unit.

Table 26: Progress report on regularization process in September 2021

PROJECT NAME	NO OF ILLEGALS:					
	Consulted	Processed	Approved	Pending	Declined	Notice to vacate
Antea	51	51	0	46	5	0
Dobsonville	3	3	3	0	0	0
City Deep	19	19	19	0	0	0
Fleurhof	3	3	0	3	0	0
MBV	1	1	1	0	0	0
Raschers	4	4	0	4	0	0
Pennyville	4	4	1	2	1	0
Roodepoort	3	3	3	0	0	0
Chelsea	2	2	0	2	0	0
TOTAL	90	90	27	57	6	0

8.2 FOOD GARDEN IMPLEMENTATION

JOSHCO is required to implement a top roof food garden program within one of its projects. Due to the complexity and specialised skills required, JOSHCO entered to a partnership with the Department of Social Development and an MoU will be signed between JOSHCO and the Department to formalise the relationship. Three projects were identified, namely City Deep, Antea and AA House. City Deep and Antea Hostels have enough ground space that can be used for the garden.

8.3 TENANT EDUCATION

Housing Management, Customer Relations Management and Marketing and Communication Departments had revised the tenant manual to cover some of the issues raised by tenants in the past financial year. Tenant education will be conducted by an appointed service provider who will analyse the results and prepare a report to management. This is to avoid a situation where JOSHCO become both a player and referee at the same time. The process is at request for quotation stage.

8.4 BIOMETRIC SYSTEM INSTALLATIONS

JOSHCO has appointed a security company to install biometric system in 20 projects. Project program was developed. According to the program all sites identified for quarter one are going according to the program except Antea hostel. A group of illegal tenants forced JOSHCO to stop the project protesting against the biometric installations program. JOSHCO instituted investigations against the illegal tenants and their status. The investigations are at advance stage.

8.5 JOSHCO PREPAID VENDING SOLUTION

Service provider has been appointed to start with the prepaid vending solution. The program will start at the begging of the second quarter as per the program.

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration against the budgeted quarterly remuneration, including the Executives as summarised in the table below.

Table 27: Personnel Cost by Occupational Level as at 19 Sept 2021:

Note: The salary costs below include costs for all permanent, Fixed Term employees and excludes board fees.

Occupational Level	No. of Employees	Q1-F2021 (R'000)	No. of 'ees	Q4-F2020 (R'000)	% Of total personnel cost	(R'000) Average per employee
Top Management (CEO, CFO)	2	852 514,00	2	852 514,00	3%	426 257,00
Executive Managers	4	1 536 859,12	3	1 261 816,63	5%	420 605,54
Professional Qualified /Mid Man	29	5 488 357,41	32	5 850 272,17	21%	182 821,01

Skilled, Technicians	104	8 629 337,73	102	8 464 337,73	31%	82 983,70
Semi-Skilled	2	75 068,07	2	75 068,07	0%	37 534,04
Internship	2	91 992,00	4	91 992,00	0%	22 998,00
Unskilled	357	9 430 905,94	359	9 598 094,86	35%	26 735,64
Total	500	26 105 034,27	504	26 194 095,46	100%	

Notes: The overall costs for the quarter remained relatively unchanged, with only three new hires, two Internal Audit positions, and one Executive appointment. The two being conversions from Fixed Term Contracts and the one being a promotion.

SECTION 2: KEY VACANCIES

This section provides reporting on key vacancies that has serious impact on the business. Corporate Services is tasked with ensuring that approved structural positions are filled within ninety days of the position being activated.

Table 28: Acting Appointments

Designation	Current – Acting Role	From
Property Supervisor	Portfolio Manager	26 March 2020 until position is filled
Property Supervisor	Portfolio Manager	01 June 2021 to 12 October 2021
Contact Centre Agent	Monitoring and Evaluation Officer	01 July 2021 until position is filled

- One Portfolio Manager is on Maternity Leave, and due to return on the 12th of October 2021.
- Another portfolio Manager role is vacant due to the promotion to Executive Manager: Housing Management.
- The Monitoring and Evaluation officer resigned end of June 2021, and in the process of being replaced.

2.1 RECRUITMENT

Table 29: Staff Movement

Position	# Vacancies	New Position/ Replacement	Status
Internal Auditor	2	Additional H/C	Appointed one Internal Auditor on 12 July 2021 and another one on 22 July 2021

Executive Manager: Housing Management	1	Replacement	Appointed on 01 July 2021
Total	3		

Table 30: Recruitment progress

Position	Vacancies	New Position/ Replacement	Status
Chief Operating Officer	1	New Position	Shortlisting Stage
Business Process Engineer / Analyst	1	New Positions	Advert Stage
Social Facilitator	2	New Positions	Interview stage
Manager: Planning	1	New Position	Advert Stage
ICT Manager	1	Replacement	Advert Stage
IT Technician	1	Replacement	Interviews Stage
Special Projects Bookkeeper	1	New Position	Advert Stage
Special Projects Accounts Administrator	1	New Position	Advert Stage
Procurement Specialist	1	New Position	Advert Stage
Maintenance Worker	1	Replacement	Interviews Stage
Risk Officer	1	New Position	Skills Development and Employment Equity Committee Stage
Call Centre Agents	2	Additional H/C	Interviews Stage
Monitoring and Evaluation Specialist	1	Replacement	Skills Development and Employment Equity Committee Stage

SECTION 3: EMPLOYMENT EQUITY

This section provides information on how the entity has performed and responded to the requirements of employment equity against the plan, for the quarter under review.

Table 31: Employee equity statistics

Occupancy Level	Male				Female				Foreign Nat.		Local		G/ Total	Racial % Achiev ement	Female Gender % Achiev ement
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Manageme nt	1	0	0	0	1	0	0	0	0	0	1	1	2	100%	50%
Senior Manageme nt	2	0	0	0	2	0	0	0	0	0	2	2	4	100%	50%
Prof. Qualified / Middle Manageme nt.	13	0	0	2	10	0	1	0	2	1	15	11	29	83%	38%
Skilled Technically and Acad. Qualified	45	3	0	0	50	4	1	1	0	0	48	56	104	99%	54%
Semi-Skilled	2	0	0	0	0	0	0	0	0	0	2	0	2	100%	0%
Unskilled	162	2	0	0	190	3	0	0	0	0	164	193	357	100%	54%
Total	225	5	0	2	253	7	2	1	2	1	232	263	498	99%	53%

Comments:

- 1 Black Male was promoted from Middle Manager to Executive Manager
- 1 White Male went on retirement
- 1 Black female resigned

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

4.1 Bursaries

Forty-four employees were awarded JOSHCO bursary for different academic qualifications. Majority of employees benefited are in the skilled technical category followed by middle management and unskilled.

Table 32: bursary allocation

Occupational level	Bursaries
Top Management	-
Executive Manager	-
Middle Management	12
Skilled Technical and academically Qualified	20
Semi-Skilled	0
Unskilled	12
Total	44

4.2 Training Interventions

- Induction – new appointed employees attended the programme, 20 employees attended
- Performance Management Workshop conducted - 15 employees attended
- Employee Relations workshop conducted - 33 managers/supervisors attended
- Health and safety training was conducted by the Fire department, a total of 60 employees attended
- Treasury department conducted a Financial Management Capability Maturity Model training. The targeted audience included Finance, SCM, HR and Risk

SECTION 5: PERFORMANCE MANAGEMENT

All employees of JOSHCO are expected to sign new performance contracts by end of Sept for the F21/22, the final progress thereof will be provided from the end of quarter 2 of F2021.

Table 33: Progress on signed performance agreements

Department	Eligible Staff	Performance Agreements Submitted	Outstanding
Office of the CEO (Exec's, Internal Audit & Cosec)	16	6	10
Business Planning & Strategy (IT, Risk & PA)	5	5	0
Housing Management (PM's, HSV, Maintenance & Leasing)	57	6	51
Housing Development	10	0	10
Finance (Revenue, SCM & Finance Core)	32	0	32
Corporate Support (HR, Comm's, CC, Security, Stakeholder & CommDev)	21	4	17
Total	141	21	120

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

6.1 Labour Relations matters

There are no suspensions for the reporting period

6.2 External referrals

- Three matters referred to Bargaining Council, these matters involve unfair dismissal, unfair appointment, and the failure to implement the Mogale grading report
- Two matters at the CCMA regarding unfair dismissal
- IMATU referred the Mogale grading report to the Labour Court for an enforcement award. The organisation is challenging same.
- An employee referred a matter to the CCMA, regarding unfair labour practice in that the employee was not appointed to the ICT Manager role. The matter is still in

review with the CCMA.

6.3 Grievances

One grievance was lodged, involving unacceptable treatment by manager. Still in the process.

6.4 Disciplinary actions

- One matter was finalised resulting in a 12-month final written warning. The matter involved leave encashment without line manager's approval
- Three cases remain outstanding. These involve dishonesty, dereliction of duties, negligence, and absenteeism

7. LEAVE & PRODUCTIVITY MANAGEMENT

JOSHCO employees are entitled to 24 days leave per annum to be taken at a time to be agreed upon by management. 80 sick leave days in a three (3) year cycle are also provided to staff. The table below provides a detailed overall leave movement for the quarter.

Overall Company Leave Analysis:

Table 34: Leave Movement

Type of Leave	July	August	September	Total Leave days Taken
Annual	150,5	68	34	252,5
Sick	45	5	0	50
Family Resp. Leave	6	1	5	12
Study Leave	0	0	0	0
Unauthorised Leave	0	0	0	0
Maternity Leave	0	30	30	60
Total	201,5	104	69	374,5

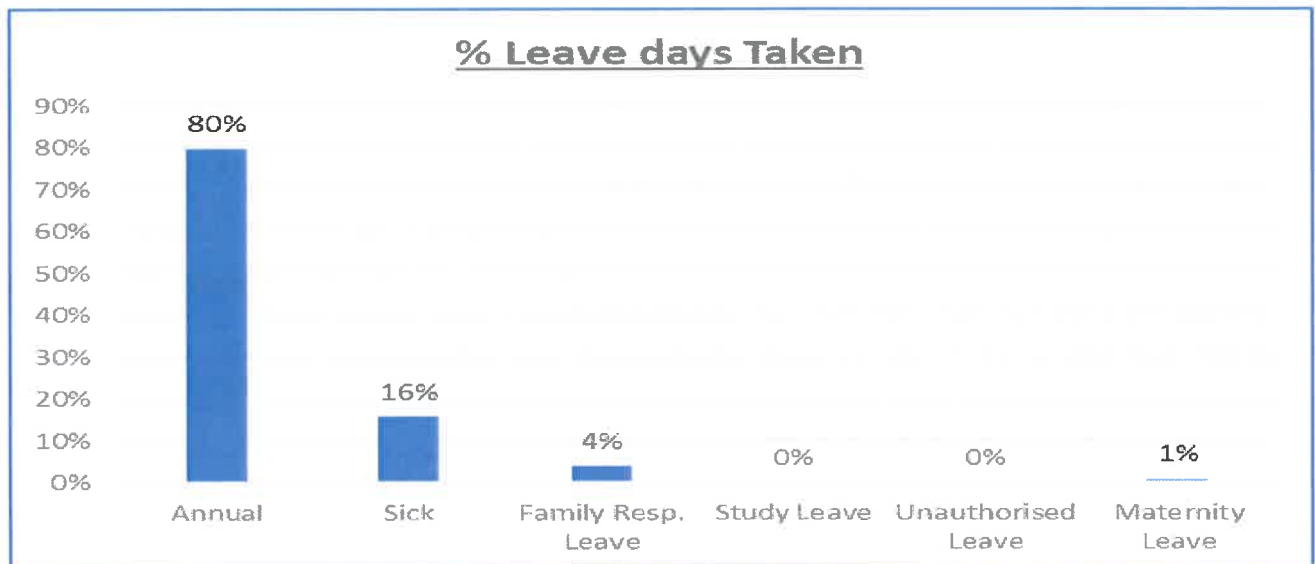


Fig: Leave taken

SECTION 8: MARKETING AND COMMUNICATION

This section of the report gives accounts for quarter one of the financial year ending 2021/2022 highlighting the organisation's performance on Marketing and Communication objectives.

The highlights of the quarter under review are as follows:

- 📢 Staff and Tenants Webinar
- 📢 Covid 19 Digital Campaign for Employee Vaccination and survey
- 📢 Content development for the tenant training manual and
- 📢 Compilation of the Customer Frequently Asked Questions from online platforms

8.1 TENANTS OUTREACH PROGRAMME:

"We may not take for granted the extent to which households are struggling financially as a result of COVID-19 related job losses". This was the slogan for the quarter by the communications and marketing department.

JOSHCO partnered with Phenomenal Women, Umcinga Productions (Pty) Ltd and the Cllr for Ward 59 alongside other businesspeople to come up with a programme that would address daily issues. Between the months of July and August, JOSHCO delivered the following three initiatives through the aforementioned partnerships:



Figure 11: The depiction of the Arbor day commemoration invitations tenants and the thank you note to all sponsors.

Youth Workshop that was held at AA House project on the 7th and 8th of August 2021.



Figure 12: Snippets of the theatrics in action

The youth got the opportunity to showcase their talents and interacted with professional actors in what is called a SOCIETY THEATRE THERAPY for the desponded youth in Joburg. The workshop was sponsored by the City of Joburg, and the venue was provided by JOSHCO.

8.2 WOMEN'S MONTH WEBINAR

This was JOSHCO's first webinar organised through the assistance of Alfa Destiny Communication. The service provider assisted with the coordination of this virtual webinar to commemorate Women's Month targeted at both JOSHCO employees and tenants. The webinar was livestreaming on Zoom and Facebook and was recorded on you tube.

The webinar featured three guest speakers and a facilitator.



Figure 13: Advertisement of the Webinar

8.3 STAFF WORKSHOP ON COVID 19 VACCINATION

On the 7th of September, the department hosted aa Employee Vaccination Awareness Workshop which was aimed at encouraging employees to vaccinate. This was delivered via Microsoft Teams and the workshop featured a professional nurser from COJ. The workshop followed a digital campaign which included a survey and production of a special booklet.

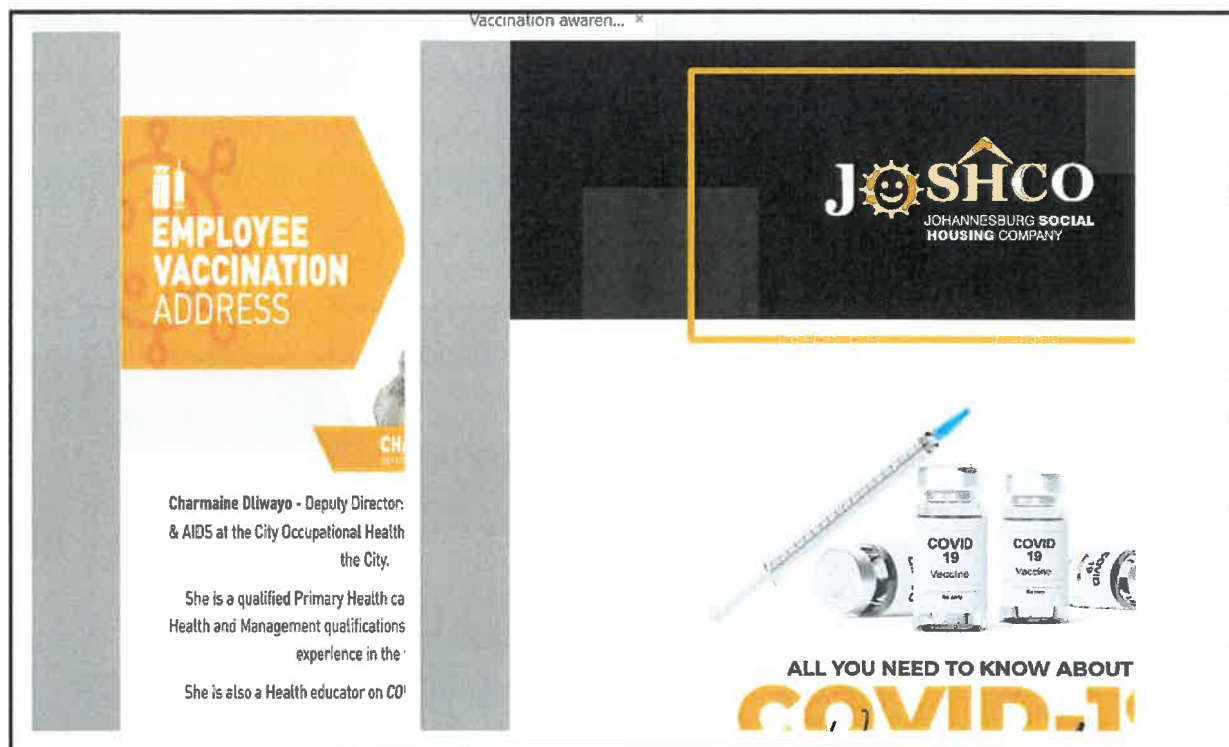


Figure 14: invitation and link to the Covid Vaccination booklet.

8.4 HERITAGE DAY COMMEMORATION



Figure 15: Heritage Day invitation

4.5 COMMUNICATION PRODUCTS:

The department distributed a total of 21 communication products this quarter to internal and external stakeholders. The communication collateral included Notices to Tenants; Covid 19 & Vaccination information booklet; Anti-Fraud and Corruption Alerts; Construction Project Profiles; Newsletters; etc. Distribution was done electronically while some were printed and posted in respective projects.



Figure 16: Examples of the communication products

8.6 MEDIA LIAISON AND MONITORING:

Media Enquiries and Responses:

- Roodepoort record – Princess Plot Social Housing Development
- City of Johannesburg - Feature story on Dakalo student Court
- Roodepoort records- enquiries on rental units
- Roodepoort- opportunities for community empowerment
- City of Johannesburg- No child left behind initiative

8.6.1 SUMMARY MEDIA COVERAGE/ ARTICLES: JULY - SEPT 2021

Table 35: Media Coverage

Source & Date	Summary of enquiry/ query	Article Brief
Roodepoort Records 17 August 2021	CoJ urges residents to be cautious when enquiring about rental units	<p>On Monday, August 16 the Department of Housing in the City of Johannesburg issued a press release stating that they have noted with concern a website for housing units that are for rental purposes, under the impression that it has a link to the City.</p> <p>The website, www.jozihomes.com has been calling on interested parties to pay a deposit upon being given a rental unit. The Housing Department confirmed to the Northsider that it has no link to this business, nor has it endorsed these types of rental units, which it has since established, do not exist. The Member of the Mayoral Committee for Housing in the City of Johannesburg, Councillor Mlungisi Mabaso, has been inundated with calls from some of the victims of the swindlers. According to the City of Johannesburg, residents will be informed of such opportunities only through the official page of the City, and the Department of Housing social media pages. Residents are urged to be cautious when enquiring about rental units. Housing's head office situated at 222 Smit Street, Braamfontein, as well as all seven Regional Housing offices (address available online) should be your first point of clarity for any rental units provided by the City or its implementing agency, Johannesburg Social Housing Company (JOSHCO).</p> <p>MMC Mabaso has called on members of the public who have information about the swindlers to report them to the Group Forensic Investigating Services (GFIS) at Sappi Building, 48 Ameshoff Street, Braamfontein, or call the fraud hotline number on 080 000 2587, or use email whistle@joburg.org.za. "The perpetrator/s will be brought to book and will face the full might of the law. South Jozi Homes has no relation with the City, Department of Housing, or any entity of the City," said Mabaso.</p>

<p>Roodepoort Records 16 August 2021</p>	<p>Joshco and developers taking challenges in their stride</p>	<p>As with many a construction project, delays are an inevitable part of the process.</p> <p>Through forethought and mitigation, keeping the wheels in motion becomes a skill as important as bricklaying and cement-mixing. Stakeholders of the Johannesburg Social Housing Company (Joshco) project between Harry Road and Vlakvoeltjie Street took a tour of the site on August 3 to gauge the progress.</p> <p>Together with Enza Construction's Hannes Pieterse and Joshco's Maki Thellane, Ward 71 councillor René Benjamin discussed the ever-present challenges faced in meeting the needs of the community, both expectant social-housing recipients and the local SMMEs partaking in the project. The need to evenly distribute the opportunities provided as well as streamlining the workload is a sophisticated juggling act.</p> <p>A key facet of Joshco's administration of this project and those like it is a programme that educates SMME owners on balancing labour and budgeting requirements. The programme helps the owner evenly allocate human resources to tasks so that distribution of skilled and unskilled labour is well weighted. "It helps the SMME owners to know what is required at each phase so that they do not overspend on wages and salaries," Maki said. Ensuring that those who enter the site in any form leave the project better suited to continue an upward trajectory is paramount to Joshco. "We aim for the upskilling of workers as well as the upliftment and empowerment of all involved to improve the lives of of those who have worked on the project, as SMME owners and their labourers undergo extensive training and assessment," added Maki.</p> <p>The project is to provide 330 homes for successful applicants, and while the project now aims to be ready by May 2022, hopes for earlier completion are strong. Applications have been streaming in but some questions have been raised on their legitimacy as many have featured the same faded letterhead. Applications will be thoroughly audited, and prospective applicants are urged to follow the correct channels.</p>
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<p>Roodepoort Record 12 July 2021</p>	<p>Notice of opportunities for community empowerment</p>	<p>The Johannesburg Social Housing Company (JOSHCO) which is owned by The City of Johannesburg recently started with the development of social rental units at Princess Plots.</p> <p>The development includes construction of 333 different types of unit sizes and related project infrastructure, and is to be completed in June 2022. According to Site Manager, Hannes Pieterse, the construction value is estimated to be around R133 million. JOSHCO has appointed Enza Construction as the main contractor on the project. The site was handed over to the main contractor on November 1, 2019. However, construction could not progress at the time due to community disputes and lack of clarity on the community empowerment programme. JOSHCO and Enza Construction have thus streamlined the internal processes for local community participation," said Maki Thellane, the JOSHCO Project Social Facilitator, in a statement issued on behalf of Enza Construction on July 12.</p> <p>Hannes went on to say that foundations, internal civil works and brick work have already commenced. The Project Steering Committee (PSC), which is chaired by local Ward councillor René Benjamin, has representation of the Ward Committee, Members from the Community, City of Joburg Region C officials from Citizen Relationship and Urban Management (Crum), Ward Governance, JOSHCO, Enza and the Community Liaison Officer. The project aims to employ 300 members of the community as part of our Expanded Public Works Programme (EPWP). Site clearance activities however already commenced on March 3, with participation of 18 EPWP local workers. To date we have a total number of 48 locals employed in the areas of plumbing, electrical, civil work, brickwork, steel work, concrete reinforcement and earthworks."</p> <p>An SMMEs (small, medium and micro enterprises) database was established on March 12 following an open, transparent process. Thus far four local SMMEs have been appointed in the areas of earthworks, concrete reinforcement, plant hire and brick work. Maki added that mentorship will be provided to local SMMEs on site as part of capacity building to assist them in production management.</p>
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City of Johannesburg 03 July 2021	Sefara wants #NoChildLeftBehind	<p>Nthabiseng Sefara née Mphela spent most of the hard socioeconomic lockdown crisscrossing the ghost-like City to pilot an initiative tailored to bridge the digital divide while feeding scores of hungry children in the Inner City.</p> <p>#NoChildLeftBehind initiative provides learning materials to digitally deprived schoolchildren as a means of closing the information and digital divide among three Johannesburg Social Housing Company (JOSHCO) projects in the Inner City. Sefara, who is the Marketing and Communications Manager at JOSHCO, says the City entity has partnered with the Boswa Foundation, a non-profit organisation to ensure #NoChildLeftBehind during the lockdown. She says the initiative aims to provide educational aids and food to 790 pupils between Grade R and Grade 3 in all 18 JOSHCO projects. Most of the beneficiaries live in the Inner City, where JOSHCO provides quality and affordable housing to households in the low-income bracket. She urges corporates and City officials to support the initiative and ensure it reaches thousands of other economically marginalised children across Joburg. "A lot of children lost opportunities to access a daily meal and decent education when schools closed down during the lockdown. The #NoChildLeftBehind initiative supports these learners by providing a printed workbook, stationery, and some nutrition to keep them going during the lockdown," she explains. Sefara joined the City in November 2011. Establishing #NoChildLeftBehind with her colleagues was also ignited by the need to help disadvantaged children access remote learning platforms, to ensure positive academic outcomes. .</p> <p>Visit the Boswa Foundation webpage on www.boswafoundation.africa; alternatively, email nthabisengm@joshco.co.za to contribute to the work of #NoChildLeftBehind.</p>
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SECTION 9: HEALTH AND SAFETY

JOSHCO Incidents Statistics: July 2021-Sept 2021

Table 36: Covid-19 cases reported

Total covid - 19 positive cases	Total recoveries	Total not yet recovered (active cases)	Total fatalities	Total direct contacts sent for testing	Total Staff Vaccinated
11	10	01	01	19	27
In total since March 2020, we have recorded 65 new cases, 63 recoveries, 02 fatalities with 299 direct contacts which were referred for testing. 27 staff members have reported to have vaccinated thus far.					

9.1 Injury on Duty Incident's statistics

- An employee tested positive for Covid 19 on the 09 July 2021, he was isolated at home where he lost his life on 14 July 2021.

On 31 August 2021 2 employees were busy with gardening duties when a car reversed and bump them against the wall. One sustained a left shoulder injury and the other sustained a left-hand injury and abdominal pains. Both were attended to according to the Health and Safety measures.

9.2 Covid – 19 measures implemented

- As part of working together with the city to promote a safe working environment in the workplace, we encouraged the employees to participate in Covid 19 vaccination roll out program to minimise the spread of the virus and get closer to herd immunity.
- Safety meeting (an alarming concern was raised about lack of adequate of Personal Protective Equipment (PPE) for cleaners at the JOSHCO sites, this issue is still a serious contravention of the Occupational Health and Safety Act 85 of 1993). The Health and Safety Committee had reached out to Housing Management to correct the non-conformity thereof.

9.3 Health and Safety training

- 60 candidates were trained this quarter. Twenty employees comprising of Security Officers and Supervisors were trained in fire marshalling. Twenty-Eight were trained as new health and safety representatives, and twelve were trained in First Aid.

9.4 Maintenance of firefighting equipment

Head Office firefighting equipment was serviced on the 31st of August 2021 and will be valid until 31st of August 2022.

JOHANNESBURG SOCIAL HOUSING COMPANY

QUARTER 1 PERFORMANCE REPORT FOR THE 2021/22 FINANCIAL YEAR

CHAPTER FIVE: FINANCIAL PERFORMANCE



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

An analysis of the financial position as at 30 September 2021 is reflected below and in Table 37.

Table 37: Statement of Financial Position for the quarter ended 30 September 2021

Description	30 September 2021	30 June 2021	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	424	392	32	8%
Loans to shareholders	5,958	5,958	-	0%
Current tax receivable	50	50	-	100%
Receivables from exchange transactions	860,074	807,850	52,224	6%
VAT receivable	2,883	2,792	91	3%
Cash and cash equivalents	189,530	172,019	17,511	10%
	1,058,918	989,061	69,857	7%
Non-current assets				
Property, plant, and equipment	8,030	8,381	(351)	-4%
Intangible assets	339	348	(9)	-2%
Investment in joint venture	22,410	22,410	-	0%
Deferred tax	22,526	22,526	-	0%
Total Non-current assets	53,306	53,666	(360)	-1%
Total Assets	1,112,224	1,042,727	69,498	7%
Liabilities				
Current Liabilities				
Loans to shareholder	607,128	414,269	192,859	47%
Borrowings - DBSA	2,142	2,142	-	0%
Finance lease obligation	508	508	-	0%
Payables from exchange transactions	734,040	836,730	(102,690)	-12%
	1,343,818	1,253,649	90,169	7%
Non-Current Liabilities				
Borrowings - DBSA	8,997	8,997	-	0%
Finance lease obligation	(59)	67	(127)	-188%
Deferred Income from non-exchange transactions	178	178	-	0%
	9,115	9,243	(127)	-1%
Total Liabilities	1,352,934	1,262,891	90,043	7%
Net Assets	(240,709)	(220,165)	(20,545)	9%
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(240,709)	(220,165)	(20,545)	9%

Description	30 September 2021	30 June 2021	Variance	Variance %
Total Net Assets	(240,709)	(220,165)	(20,545)	-100%

1.1 Assets

Current assets have increased by R69.9 million (from R989 million to R1.1 billion). Receivables from exchange transactions have increased by 6% due to unpaid year end accruals from the Department of Housing and Corporate Asset Management Department. The entity continues to engage with the departments to implement processes to shorten the payment periods to prevent further strain on the cashflow. Cash and cash equivalents have increased by 10% due to interest on SHRA balances.

There has been no material change in the composition of non-current assets.

1.2 Liabilities

Loans from shareholders increased by R192.9 million (from R414.3 mil to R607.1 million) due to settlement of suppliers before getting payment from the departments we are executing projects on behalf. This is done in order to ensure that we settle supplier invoices within 30 days. Payables from exchange transactions decreased by 12% as a result of settlement of year-end accruals. Included in current liabilities is the current portion of the long-term loan from the DBSA.

There has been no change in the composition of non-current liabilities.

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 quarter ended 30 September 2021 resulted in a deficit of R20.5 million per Table 38 below.

Table 38: Statement of Financial Performance for the period ended 30 September 2021

Description	Actual	Budget	Variance	Variance %
	R'000	R'000	R'000	
Rentals Received	45,644	47,205	(1,561)	-3%
Subsidies	3,589	3,589	-	0%
Management Fees	22,202	8,600	13,603	158%
Interest received - Sweeping	-	2,293		
Interest Received – overdue debtors	3,052	1,997	1,055	53%
Utilities	12	72	(60)	-83%
Other Income	8	639	(631)	-99%
Total Revenue	74,507	64,395	10,112	16%
Personnel costs	(33,936)	(31,497)	(2,440)	8%
Board fees	(834)	(869)	35	-4%
Special projects staff costs	(735)	-	(735)	#DIV/0!
Provision for bad debts	(22,144)	(7,470)	(14,674)	196%
Depreciation and Amortisation	(377)	(373)	(5)	1%
Finance Costs	(6,111)	(401)	(5,710)	1426%
Repairs and Maintenance	(5,882)	(5,899)	17	0%
Security	(1,803)	(3,760)	1,957	-52%
Utilities	(19,526)	(2,874)	(16,652)	579%
Administrative	(3,703)	(11,253)	7,550	-67%
Total Expenditure	(95,051)	(64,395)	(30,656)	48%
Operating (Deficit)/Surplus before tax	(20,545)	-	(20,544)	-100%
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(20,545)	-	(20,544)	-100%

2.1 Revenue

The entity's revenue is derived from the streams per Table 39 below.

Table 39: Composition of revenue

Revenue	Actual	Budget	Weighting %
	R'000	R'000	
Rentals Received	45,644	47,205	61%
Subsidies	3,589	3,589	5%
Management Fees	22,202	8,600	30%
Interest Received	3,052	1,997	4%
Utilities	12	72	0.02%
Other Income	8	639	0.01%
Total Revenue	74,507	62,102	100%

The biggest contributor to revenue is rental income making up 61% of total revenue. Total revenue is 16% (R10.1 million) above budget. This is a clear indication that our revenue improvement strategies are beginning to show results. The main reason for revenue being above budget is Management fees by above budget by 158% (R13.6 million) due to increased projects on behalf of other departments.

The entity's collection levels continue to decrease, we have collected 56% for current tenant rentals against a collection target of 90% for the current financial year as shown in Table 40 below.

Of the total of 8 325 tenants billed, 4% (313) have indicated they are unemployed, 1% (115) have indicated that they have lost their job due to COVID-19, 1% (117) are illegal tenants and 3% (263) are on record as refusing to pay. The debt collection company has been instructed to proceed with eviction processes for the tenants who have stated their refusal to pay. Illegal tenants are beneficiaries of deceased or retired tenants. Those tenants who are working are being regularised. Those who refuse to be regularised or can't be regularised due to not qualifying for a JOSHCO unit are given a month to vacate thereafter eviction processes will commence.

Table 40: Revenue Collection

PORTFOLIO	% COLLECTION	REASONS FOR UNDER PERFORMANCE
Brownfields	67%	Rent boycott campaigns from organised tenants' groups, rising number of illegal tenants (beneficiaries of former tenants), high rise of unemployment due to Covid-19 job losses and delayed court orders for evictions.
Greenfields	48%	High rise of unemployment due to Covid-19 job losses and delayed court orders for evictions.
Former Hostels	79%	Beds not replaced once tenant move out, remaining tenants on salary deductions which are only confirmed at month end.
City Referral Stock	41%	Former City Stock with a rising demand for ownership and mobilised group of tenants campaigning for non-payment of rent.
Retail Space	62%	Commercial tenants are struggling with keeping up with their current rentals as they are still recovering from losses experienced during the lockdowns.
OVERALL COLLECTION	56%	

The company uses the services of a debt collecting company to collect debt over 90 days. The performance of the debt collection company is shown in Table 41. For the quarter under review, the company has collected R2.3 million (1.8%) from the R133.4 million handed over to them for collection.

Table 41: Revenue collection by debt collection company

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	

Jul-21	2,996	126,983	(833)	0.66%
Aug-21	2,988	128,745	(716)	0.56%
Sep-21	2,996	133,399	(709)	0.61%
Total year to date			2,258	1.69%

2.2 Expenditure

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

h) Personnel costs

- 8% above budget (R2.4 million) due to EPWP employees who were previously done via a company as outsourced services who are now processed in the payroll.

i) Special projects staff costs

- No budget allocated as these are temporary positions based on demand for projects on behalf of other departments. The justification for appointments is the 7% management fee we charge for special projects.

j) Provision for bad debts

- 196% above budget (R14.7 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 56% which is influenced by the reasons stated in Section 2.1 above.

k) Finance costs

- 1426% above budget (R5.7 million) due to interest charged on sweeping account which is in overdraft.

l) Security

- 52% below budget (R1.9 million) due to less demand for unplanned emergency security requirements and a reduction in guards in building awaiting development to contain costs.

m) Utilities

- 579% above budget (R16.7 million) due to utility costs incurred more than available budget. The entity's budget is based on common arear charges only and all other

charges used by tenants is supposed to be for their own account. A service provider has been appointed for a prepaid vending solution for electricity to assist with the reduction of costs and transferring of costs to the user of electricity.

n) Administrative

- 67% below budget (R7.6 million) due to saving on legal fees and stationery costs. This is an indication of the success of our admin cost containment measures starting to yield results.

SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 30 September 2021 is R189.5 million. The tenant deposit account has a balance of R15.8 million. The SHRA account has a balance of R173.7 million. An amount of R607.1 million is in overdraft on the sweeping account and is disclosed as a current liability (Loans from to/(from) shareholder).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The organisation has been allocated a budget of R648 million funded from the External Funding Sources (EFF) and Capital Reserves (CRR). In the current financial year, we have the following programmes:

- iii. Greenfields projects; and
- iv. The Inner-City re-generation programme.

As at 30 September 2021 JOSHCO's verified spent for the quarter under review is 26% against a target of 25% per the table below.

Table 42: CAPEX Spend Per Project

Project Description	Approved Budget 2020/21	Amount Spent	Balance	% Spend
	R'000	R'000	R'000	
38 Rissik Street (NBS) Inner City Building Conversion	1,500	-	1,500	0%
Abel Road Inner City Building Conversion	24,500	1,248	23,252	5%
Booyens Street Inner City Conversion	2,000	-	2,000	0%
Casamia Inner City Building Upgrade Region F	2,500	-	2,500	0%
Devland Golden Highway Social Housing Project	80,000	16,285	63,715	20%

Project Description	Approved Budget 2020/21	Amount Spent	Balance	% Spend
Region D				
Inner City Buildings Acquisitions	32,000	5,871	26,129	18%
Lufhereng Social Housing Project Region D	76,001	34,786	41,215	46%
Marlboro Social Housing Project Region E	1,000	-	1,000	0%
Nancefield Social Housing Project Region D	50,000	21,074	28,926	42%
Princess Plots Social Housing Project Region C	52,900	22,666	30,234	43%
Randburg Selkirk Social Housing Project Region B	58,000	550	57,450	1%
Roodepoort Social Housing Upgrade Region C	4,655	-	4,655	0%
Tum-Key 1: Region A	75,530	42,440	33,090	56%
Tum-Key 1: Region B	75,000	21,390	53,610	29%
Tum-Key 3: Region D	72,500	1,322	71,178	2%
Tum-Key 4: Region G	40,000	-	40,000	0%
	648,086	167,632	480,454	26%

SECTION 5: RATIO ANALYSIS

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

Table 43: Key Ratio Analysis as at 30 September 2021

KEY PERFORMANCE INDICATOR	2021/22 TARGET	QUARTER 1 TARGET	QUARTER 1 PERFORMANCE	VARIANCE	MITIGATION ACTION
Achievement of selected profitability and liquidity ratios	Current ratio 1:1	1:1	0.79	-0.21	<p>The non-performance of this target is due to continued losses being incurred largely due to a high provision for bad debts and high operating costs.</p> <p>The entity's 5-year strategic plan which focuses on revenue enhancement activities in order to improve our financial sustainability is under implementation as follows:</p> <ul style="list-style-type: none"> • Increase in management fee income earned on projects implemented on behalf of other COJ entities – for the FY2020/21 we saw an increase of 391% compared to FY2019/20. We expect to continue to see increases in the current financial year. JOSHCO continues to engage and evaluate other interests for the use of our panels from other COJ entities. • Student accommodation – pilot phase is currently under implementation. Occupancy rate is below 20% because of delay in finalisation of the accreditation process with Wits and UJ which resulted in students securing alternative accommodation. • Outdoor advertising – tender to appoint a service provider to manage the outdoor advertising is in progress at evaluation stage. We anticipate appointing a service provider in October 2021. • Prepaid vending system – service provider appointed
	Solvency Ratio 1:1	1:1	0.82	-0.18	

KEY PERFORMANCE INDICATOR	2021/22 TARGET	QUARTER 1 TARGET	QUARTER 1 PERFORMANCE	VARIANCE	MITIGATION ACTION
					in June 2021 to assist with reduction of utilities costs and transferring of costs to users. The implementation is in progress.
	Cost Coverage: 50 days	50 days	-522 days	-572 days	Non-performance is due to low cash balances and an overdraft as a result of settlement of suppliers prior to receiving claims from the Department of Housing (Housing) and the Corporate Asset Management (CAM) department. The entity is meeting weekly with the departments to track the payment of invoices due in order to improve our cash balances.
	Remuneration to operational expenditure (OPEX) up to 40%	40%	36%	4%	None required ratio achieved.
	90% collection in respect of current debtors	90%	56%	34%	Non-achievement of this target is due to continued low rental collection across all projects. Of the total of 8 325 tenants billed, 4% (313) have indicated they are unemployed, 1% (115) have indicated that they have lost their job due to COVID-19 and 3% (263) are on record as refusing to pay. The debt collection company has been instructed to proceed with eviction processes for the tenants who have stated their refusal to pay.

KEY PERFORMANCE INDICATOR	2021/22 TARGET	QUARTER 1 TARGET	QUARTER 1 PERFORMANCE	VARIANCE	MITIGATION ACTION
					<p>The debt collecting company has collected R2.3 million for the quarter for outstanding debt older than 90 days handed over to them.</p> <p>Evictions will be executed once sheriffs of the court are available to execute orders.</p> <p>Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.</p>
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	99.52%	0.48%	<p>There was increased pressure on the team as we were also preparing for the AGSA audit at the beginning of the quarter. Additional personnel in SCM and Finance are in the process of being appointed to assist with increased volume of invoices relating to Special Projects.</p>

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

6.1 DEVIATIONS ON SCM

The table below details approved deviations for the quarter under review:

Table 44: Approved deviations for the quarter ended 30 September 2021

Name of tender	User Department	Reason	Supplier Name	Approval date	Original PO Amount	Adjusted PO Amount
NONE						

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 30 September 2021, 8 valid invoices were not paid within 30 days. The delay in reviewing of invoices is due to increased year end volume arising from work undertaken on behalf of COJ Housing department and preparation for the AGSA audit in the first 2 months of the quarter. Additional personnel are in the process of being appointed to assist the Finance team.

6.3 REPORT IN IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Instances of irregular, fruitless and wasteful expenditure for the quarter under review are depicted in Table 9 below.

Table 45: Unauthorised, Irregular, Fruitless & Wasteful Expenditure incurred for the quarter ended 30 September 2021

Description	Type of expenditure	Amount	Reason and Mitigations
Interest on late payment of supplier invoice	Fruitless & Wasteful	130,183.71	The late interest penalty was as a result of no budget allocated for the project while there were still works to be concluded. The entity now meets early with the City to show their committed projects when preparing the budget and budget adjustment.

6.4 AWARDS MADE FOR THE QUARTER

The table below details all awards made via a public tender (above R200 000) or through our approved panels (above R1 million) for the quarter under review.

Table 46: Awards for the quarter

Name of tender	Project description/Scope of work	User Department	Medium of advertising	BAC Date	Awarded Service Provider	Reason	Amount	B-BBEE Level
PANSEC/001/2021	The appointment of a physical security company at Area D: Dobsonville, Kliptown Square, Antea and New Claire Joshco projects for a period not exceeding 12 months	Housing Management	Approved panel of Physical Security Services	28-Jul-21	NTP Security Solutions	Highest scoring bidder	R4,117,793.04	Level 1
PANSEC/002/2021	The appointment of a physical security company at Inner City Area A: Hoek Street, Textiles, Union Square and African Diamond Joshco projects for a	Housing Management	Approved panel of Physical Security Services	28-Jul-21	New Nthathi Security Services	Highest scoring bidder	R3,797,957.06	Level 1

Name of tender	Project description/Scope of work	User Department	Medium of advertising	BAC Date	Awarded Service Provider	Reason	Amount	B-BBEE Level
	period not exceeding 12 months							
PANSEC/003/2021	The appointment of a physical security company at Area C: Turfontein, MBV, Bokamoso-Devland and Bellavista Infill & Citrine Joshco projects for a period not exceeding 12 months	Housing Management	Approved panel of Physical Security Services	28-Jul-21	Selkirk Security Services	Highest scoring bidder	R 3,662,500.00	Level 1
PANSEC/004/2021	The appointment of a physical security company at Area B: Wolhurter, Fraser House, Botlhabela and Malvern Joshco projects for a period not exceeding 12 months	Housing Management	Approved panel of Physical Security Services	28-Jul-21	TDP Security Services	Highest scoring bidder	R 2,600,000.04	Level 1
ADMINSEC/001/2021	Administration fee of existing security company to the value	Department of Housing	Approved panel of Physical Security	20-Aug-21	Satenga Security	Highest scoring bidder	R11,828,280.00	Level 1

Name of tender	Project description/Scope of work	User Department	Medium of advertising	BAC Date	Awarded Service Provider	Reason	Amount	B-BBEE Level
	of the contract at Diepkloof, Meadowlands and Dube hostels for a period of 12 months		Services					
PANSEC/005/2021	The appointment of a physical security company at Housing Development Sites: Albert Street, Nederburg, 280 Smit Street, Rissik Street and Fraser House (basement floor only) Joshco projects for a period not exceeding 12 months	Housing Management	Approved panel of Physical Security Services	02-Sep-21	Laphinda Security and Cleaning	Highest scoring bidder	R 6,307,902.72	Level 1

6.5 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

The table below details approved variation orders for the period under review:

Table 47: Approved variation orders for the quarter ended 30 September 2021

Name of Tender	User Department	Reason	Supplier name	Approval Date	Original PO Amount	Variation Amount	Variation %
ICT/006/2020	Business Planning and Risk	New server for disaster recovery and backup	Bottom Line IT	10-Aug-21	6,116,850.00	573,000.00	9%
ICT/006/2020	Business Planning and Risk	Infrastructure Security Solution	Bottom Line IT	20-Aug-21	6,116,850.00	189,658.00	3%
Maintenance and cleaning of Diepkloof, Nancefield and Lifateng Hostels	Special Projects Unit	Cleaning, maintenance, and emergency works project. The project is almost complete and requires extension for unforeseen extent of repairs and maintenance work.	Pro Power Construction	20-Sep-21	33,173,678.55	4,419,231.16	13%
Maintenance and cleaning of Dobsonville, Jabulani and Mapeta Hostels	Special Projects Unit	Cleaning, maintenance, and emergency works project. The project is almost complete and requires extension for unforeseen extent of repairs and maintenance work.	Mathelamusa Trading Projects	20-Sep-21	33,022,066.04	4,458,059.10	14%
Maintenance and cleaning of Dube, Meadlands and Orlando Hostels	Special Projects Unit	Cleaning, maintenance, and emergency works project. The project is almost complete and requires extension for unforeseen extent of repairs and maintenance work.	MCC Security	20-Sep-21	28,020,698.24	4,203,104.73	15%
Up-grading of vandalised residential units, including external works.	Special Projects Unit	Additional works in relation to inspections to issue Certificate of Compliance for roof covering, additional window seals that were not scoped at the time of works scoping.	Homeless Building Construction	20-Sep-21	4,126,619.18	804,690.74	19%

Name of Tender	User Department	Reason	Supplier name	Approval Date	Original PO Amount	Variation Amount	Variation %
Diepkloof Hostel: Up-grading of vandalised residential units, including external works.	Special Projects Unit	Inspection of roof-coverings in order to issue a Certificate of Compliance, additional window-cills and damp-proof courses.	Pro Power Construction	20-Sep-21	7,892,345.84	1,129,008.11	14%
Giyan Hostel: Up-grading of vandalised residential units, including external works.	Special Projects Unit	Additional works in relation to inspections to issues Certificate of Compliance for roof covering, additional window-cills that were not scoped at the time of works scoping.	Mathelamusa Trading Projects	20-Sep-21	5,586,116.43	747,037.69	13%
Dube Hostel: Up-grading of vandalised residential units, including external works.	Special Projects Unit	Additional works in relation to inspections to issues Certificate of Compliance for roof covering, additional window-cills that were not scoped at the time of works scoping.	Silidi Projects Cc	20-Sep-21	16,540,391.00	2,515,996.45	15%

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 48: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 1 R'000	% of total expenditure
Capital Expenditure	241,890	63%
Operational Expenditure	141,380	37%
Total Expenditure	383,270	100%

b) Capital Expenditure		
Nature of expenditure	Quarter 1 R'000	% of Capex expenditure
Professional Consultants	58,676	24%
Contractor Payments	183,214	76%
Total Expenditure	241,890	100%

c) Operational Expenditure		
Nature of expenditure	Quarter 1 R'000	% Spend
Procurement <R200 000	2,847	2%
Cleaning and Gardening	-	0%
Directors Remuneration-Board and Comm	608	0%
Operational Expenditure	7,667	5%
Security Services – Housing Management	3,490	2%
Security Services – Housing Development	16,467	12%
Repairs and Maintenance	110,301	78%
Total	141,380	100%

6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes black economic empowerment by spending on at least 51% black owned companies as detailed in Table 48 below.

Table 49: 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
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	R'000	R'000	
Quarter 1	140,958	140,958	100%
Period	Total CAPEX from procurement activities	CAPEX to at least 51% black owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	236,513	148,274	63%

SECTION 7: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Table 50: Statement of amounts owed by or to government departments and public entities

Name of department	Amounts owed/(owing)		Account status
	R'000		
	Q4 of FY2020/21	Q1 of FY2021/22	
City of Johannesburg: Sweeping account	(414,268)	(607,128)	180 days overdue
City of Johannesburg: Treasury	5,958	5,958	180 days overdue
City of Johannesburg: Health Department	17,483	10,423	60 days overdue
City of Johannesburg: GEF	2,328	2,835	60 days overdue
City of Johannesburg: Community Development	2,242	556	Current
City of Johannesburg: Housing	529,484	674,957	120 days overdue
City of Johannesburg: CAM	204,476	126,838	Current
Gauteng Department of Human Settlements	15,969	15,969	180 days overdue
Total	363,672	147,985	

CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS

SECTION 1: AUDIT OBJECTIVES

The following audit objectives were identified during the preliminary survey stage of the audit:

- To determine the extent to which management has implemented corrective action to address the previously reported deficiencies and associated risks.
- To determine the adequacy and effectiveness of the corrective action taken by management in addressing the associated deficiencies and risks.
- To agree with management, the remedial action required to address the outstanding and unresolved deficiencies and associated risks.

SECTION 2: AUDIT SCOPE

The follow-up audit was limited to the review and evaluation of management corrective action to address the previously identified deficiencies and associated risks, using a walkthrough, discussion, observation, and audit testing.

SECTION 3: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

As of 30 September 2021, the total number of internal audit findings were 66, of which 48(73%) were resolved and 18(27%) were not resolved.

Table 51: The Table Below Provides a Breakdown of Findings Per Department

Departments	Total Findings	Findings resolved	Findings not resolved
Finance	9	9	0
Planning and Strategy	18	13	5
Housing Management	19	11	8
Human Capital Management	5	5	0
CEO's Office	3	3	0
COSEC	1	1	0
Housing Development	11	6	5
Total	66	48	18
Percentage (%)	100%	73%	27%

SECTION 4: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISE BETWEEN FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION)

External Audit by AGSA was underway in the first quarter of 2021/22. Therefore, External Audit findings were not followed up by internal audit.

Table 52: Audit findings raised by AGSA in 2019/2020 Financial year:

AG Classification	Total findings	Finding resolved	Findings not resolved
Matters affecting the auditor's opinion	7	5	2
Other important matters	7	7	0
Administrative matters	0	0	0
Total	14	12	2
%	100%	86%	15%

SECTION 5: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS)

In the first quarter of the 2021/2022 financial year, Internal Audit completed two (2) full audits and one (1) continuous audit. Based on the findings raised in these audits, Internal Audit concluded that the organisations' controls are **Inadequate and Ineffective**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors' recommendations. However, the level of control environment is not a level that is required. Management should ensure that controls are adequately designed and monitored, this will provide reasonable assurance that set objective will be achieved.