

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

MID YEAR PERFORMANCE REPORT FOR THE 2020/2021 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	:	66 JUTA STREET Braamfontein
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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 Ndimande</u> </p> <p>Name & Surname Chief Financial Officer</p>	<p>Date of Approval: <u>14/01/2021</u></p>
<p><u>Victor Kamba</u> </p> <p>Name & Surname Chief Executive Officer</p>	<p>Date of Approval: <u>14/01/2021</u></p>
<p><u>DHEANINI THEODRE</u> </p> <p>Name & Surname Chairperson of the Board</p>	<p>Date of Approval: <u>20-01-21</u></p>
<p><u>Mlungisi Mqobo</u> </p> <p>Name & Surname MMC</p>	<p>Date of Approval: <u>21/01/21</u></p>

Contents

CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE	7
SECTION 1: CHAIRPERSON'S FOREWORD	7
SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT	8
SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT	9
SECTION 4: SALIENT FEATURES	11
SECTION 5: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY	14
SECTION 6: STRATEGIC OBJECTIVES	15
SECTION 7: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY	15
SECTION 8: SUSTAINABILITY REPORT	15
CHAPTER TWO: GOVERNANCE.....	17
SECTION 1: BOARD OF DIRECTORS	17
SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE	23
SECTION 3: RISK MANAGEMENT	23
SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION	33
SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTEREST.....	34
SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE	34
SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS.....	38
CHAPTER THREE: SERVICE DELIVERY PERFORMANCE.....	43
SECTION 1: RESPONSE TO STRATEGIC DIRECTION	43
SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS.....	46
SECTION 3: SERVICE DELIVERY CHALLENGES	47
SECTION 4: CAPITAL PROJECTS PERFORMANCE	47
SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	61
SECTION 6: CIRCULAR 88 KPI	67
SECTION 7: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS.....	68
CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT.....	84
SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES).....	84
SECTION 2: KEY VACANCIES	85
SECTION 3: EMPLOYMENT EQUITY.....	86
SECTION 4: AGE PROFILE	87
SECTION 5: SKILLS DEVELOPMENT AND TRAINING	87

SECTION 6: PERFORMANCE MANAGEMENT	87
SECTION 7: DISCIPLINARY MATTERS AND OUTCOMES	88
SECTION 8: LEAVE & PRODUCTIVITY MANAGEMENT	89
SECTION 9: MARKETING AND COMMUNICATION.....	89
SECTION 10: HEALTH AND SAFETY	94
CHAPTER FIVE: FINANCIAL PERFORMANCE	97
SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES.....	98
SECTION 2: CASH FLOW STATEMENT	99
SECTION 3: CAPITAL PROJECTS AND EXPENDITURE	99
SECTION 4: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES.....	100
SECTION 5: SUPPLY CHAIN MANAGEMENT AND BLACK ECONOMIC EMPOWERMENT...	103
SECTION 6: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES.....	105
CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS	106
SECTION 1: AUDIT OBJECTIVES	106
SECTION 2: AUDIT SCOPE	106
SECTION 3: SUMMARY OF AUDIT FINDINGS RESOLUTION STATUS REPORT	106
SECTION 4: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS	106
SECTION 5: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISE BETWEEN FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION)	107
SECTION 6: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS) ..	107

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 activities.

Performance to date, the Board noted the overall performance for the second quarter of the 2020/21 financial year. In the quarter 15 targets were due for reporting with only 1 target achieved, whilst 9 were partially achieved showing performance that is above 50% of the target and 5 targets not achieved i.e. recording the overall performance below 50%.

The Board has further taken an initiative to ensure that the organization remains compliant thereby minimizing the spread of COVID19 pandemic by adhering to the safety regulations whilst ensuring the organization remains sustainable and operational, and mostly protecting the employees and the tenants of JOSHCO.

The Board will continue to ensure that the organisation delivers as per its mandate and that the organisation remains strong in all its areas and does not lose its focus regardless of the difficult times we are facing as a country. This is a tribute to the staff, tenants and our stakeholders as a whole for the continued teamwork, and the energy of all involved.

Mr. Theodore Dhlamini
Chairperson: Board of Directors

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT



The persisting resurgence of COVID 19 has had a magnitude impact on the social order and has disrupted the economy on a scale that we have not seen in our lifetime. The virus continues to cause tragic loss of life and different levels of Lockdown implemented in Provinces throughout the country has affected most industries with a direct impact felt through job losses. The economic instability has affected the collective job security enjoyed by the working class within South Africa without distinction as to race, sex and religion.

The strategic approach taken by National government managed to curtail the impact of COVID 19 on the livelihood of its citizens including saving people's jobs in certain sectors of the economy. All economic indicators within South Africa are forecasting a bleak outlook, which clearly demonstrates that the global crisis experienced in first world has no boundaries. The ripple effect of the sectors performance is also felt by institutions such as JOSHCO through rental defaults of the affected tenants. JOSHCO's rental collection, detailed in chapter 5, shows a decline and the regulations prohibits us from enforcing evictions at this stage.

The overall performance of the scorecard has significantly declined. The new way of operating has proved to be difficult especially for functions that performs optimally physically, such as maintenance work in projects and this has to a greater extend affected our performance. Notwithstanding the pandemic challenges, the organization commit to navigate through this difficult period with the aim of maintaining our service standard in order to curb the reputational risk that may be posed by poor standard of our services. With the country reported to have entered the second wave of the pandemic, JOSHCO will have to tighten its containment measure at both projects level and head office. Continuous employees' educations on working from home best practices will be conducted through communication department in order to uplift their morals and productivity.

In conclusion, I would like to acknowledge that this are hard times for both private and public entities. However, as the Accounting Officer, I commit to remain focused on the JOSHCO mandate and also initiate other business segments to augment the current operations and generate revenue.

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 Collection Report

JOSHCO's revenue collection target for the 2020/21 financial year is 85%. The collection rate for the second quarter is 60%. We continue to see decreases in collection levels since the implementation of the national lockdown. We have offered a payment holiday for people who have been affected by the lockdown but there has not been a significant response from the tenants. JOSHCO continues to enforce the collection processes within the regulations. Eviction orders received to date will be executed as soon as the regulations allow for eviction to take place.

A debt collecting company appointed in August 2020 contributed positively to the collection of outstanding debt over 90 days by collecting R114 000 in September, R1.14 million in October and R757 000 in November 2020. The offering of the 25%-30% Settlement Discount Vouchers and 50% Black Friday Special resulted in collection amounting to R185 000 and R189 000 respectively. Further settlement discounts will be implemented.

Financial Performance

Revenue and expenditure are recorded on the accrual basis and resulted in a deficit of R21.6 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.

JOSHCO's rental facilities contributed 65% towards total revenue. Total revenue is 20% above budget (R20 million). The main reason is due to a 365% increase in management fees claimed from Housing projects as a result of an increase in construction activities relating to Informal Settlements and

Transitional Relocation Areas (TRAs). Rentals received are 1% lower than anticipated due to a lower than anticipated occupancy rate for some of our projects year to date.

Expenditure

a) Governance and Staff costs

- 36% above budget (R18 million) due to a higher wage bill than budgeted as a result of insourced security guards not fully budgeted due to constraints on the budget. Additional funding has been requested in the budget adjustment.

b) Other project related costs

- 337% above budget (R23.9 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 60% which is still significantly influenced by the national lockdown.

c) Repairs and maintenance

- 50% below budget (R13.9 million) due to a slow implementation of the maintenance programme for the quarter under review.

d) Cleaning and Gardening

- 65% below budget (R1.3 million) due to a delay in finalising the tender for garden tools where budget was allocated for the operational costs of the tools from this quarter. In the budget adjustment, funds have been directed where there is a shortage of budget.

e) Security

- 266% over budget (R5.8 Million) due to the need for additional security not covered by insourcing. An adjustment has been put through in the mid-year adjustment budget request.

f) Administrative

- 66% over budget (R10.5 Million) due to inadequate budget being available to allocate to municipal charges due to constraints on the budget. A tender for a prepaid vending solution is in the specification stage to assist with recouping of utilities from tenants.

CAPEX Expenditure

CAPEX spend is directed towards the development, renovation and upgrade of CoJ and JOSHCO's properties that are to be leased as housing units or for the entity's own use. JOSHCO has been allocated a CAPEX budget of R378 Million for the financial year ended 30 June 2021. The verified spent is 37% against a target of 50% for the quarter under review.

Ms. Nontobeko Ndimande CA(SA)
Chief Financial Officer

SECTION 4: SALIENT FEATURES

The organisation has 15 key performance indicators that translated into 19 Annual Targets in the 2020/21 business plan. In the quarter 15 targets were due for reporting with only 1 target achieved, whilst 9 were partially achieved reflecting performance that is above the 50% rate. 5 targets were under 50%.

Table 1: Variance Report as at 31 December 2020.

#	Targets for 2019/2020 Year	Q2 Target	Q2 Actual	Variance	Mitigation Actions
1	Current Ratio: 1:1	1:1	0.80:1	-0.20	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.
2	Solvency Ratio: 1:1	1:1	0.86:1	-0.14	<p>The entity has drafted a 5-year strategy document with a key focus on revenue enhancement activities in order to improve our financial sustainability. The strategy is circulated to the Board for approval in the January 2021 meeting.</p> <p>Plans are in place for implementation of the strategies (student accommodation, outdoor advertising, implementation of projects on behalf of other government institutions). These initiatives are ongoing and will be implemented throughout the year.</p>
3	50 days cost coverage	50 days coverage	-185 days	-235 days	<p>Non-performance is due to low cash balances and an overdraft as at 31 December 2020 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>We continue to engage with Housing to assist in shortening the period it takes to receive payment.</p>
4	85% collection in respect of debtors	85%	60%	-25%	<p>Non-achievement of this target is due to continued low rental collection across all projects. We are still seeing the effects of the national lockdown as many tenants have requested an extension to the payment holiday as they are still not getting their full salaries.</p> <p>A debt collecting company appointed in August 2020 has collected R114 000 in September, R1.14 million in October and R757 000 in November 2020 of the outstanding debt older than 90 days handed over. The second phase of the handover is all tenants who have defaulted on acknowledgement of debt agreements entered into and those who have not entered into any payment arrangement for amounts over 90 days in arrears. These will be done across all projects.</p>

#	Targets for 2019/2020 Year	Q2 Target	Q2 Actual	Variance	Mitigation Actions
					<p>We are continuing with implementing our collection processes. Evictions will be executed once regulations allow for evictions to be executed.</p> <p>The settlement discount voucher initiatives will continue. The offering of the 25%-30% Settlement Discount Vouchers and 50% Black Friday Special resulted in collection amounting to R185 000 and R189 000 respectively.</p>
5	910 number of jobs created through the EPWP programme.	455	109	-346	The need for headcount was reduced due to reduced activities at head office. The opportunity to create more jobs will be from the Development team and most new contractors will be appointing in the next quarter. This is because the contractors have the potential capacity to carry more headcount.
6	30% spent of capex on SMME	30%	21%	-9%	Due to lack of SMME appointments in Randburg and Princess Plot, there has been less SMME activities on projects, except Golden Highway, Lufherheng, Roodepoort and partly Plein Street. There is now a better structure-capturing and reporting of this performance, which will be implemented onto other projects during Q3.
7	95% capital budget spent on rental of social housing infrastructure.	50%	37%	-13%	Agreement on local SMME work-packages have been reached and the project is planned to re-commence in January 2021. The Randburg project had delays relating land-agreement conclusion. This will be concluded in January 2021 and the project will re-commence. Procurement and appointment of Professional team for Nancefield has been concluded and site hand-over is expected in January 2021. Three turn-key developments service providers have been appointed and planned to commence in January 2021. JOSHCO's Capital expenditure is expected to increase in the third quarter of financial year 2020/21.
8	9 properties installed with either pre-paid water, electricity systems or solar panels.	3 properties installed with either pre-paid water, electricity systems or solar panels.	1	-2	Prepaid electricity systems were only installed in Dobsonville project. Procurement of service provider to implement assessment for other projects was concluded in Q2 and will commence with implementation in Q3 of the financial year. The challenge that caused delays was due to specification drafting, as this is the first type of a programme to be implemented by JOSHCO.
9	2 properties installed with rainwater system.	1 properties installed with rainwater system.	0	-1	
10	95% compliance to laws and regulations.	95%	41%	-54%	Underperformance is mainly due to lack of capacity from business units to ensure that compliance becomes an integral part of the daily operations. The Risk and Compliance

#	Targets for 2019/2020 Year	Q2 Target	Q2 Actual	Variance	Mitigation Actions
					Champions have been appointed, and such will assist in robust monitoring of compliance to laws and regulations on a monthly basis. Furthermore, the Operational Risk and Compliance Committee has been formed. The Committee will be responsible for overall oversight of Compliance Champions reporting to ensure that weaknesses are identified and corrected in real-time.
11	95% implementation of corrective action against identified risks.	95%	52%	-43%	Procurement process has been rather a slow one in the quarter which affected majority of the corrective measures to reduce the residual risk to a desired level. The risk business unit will continue to robustly monitor on a monthly basis residual risk movement to ensure that such is within manageable tolerance level. The Committee will be responsible for overall oversight of Compliance Champions reporting to ensure that weaknesses are identified and corrected in real-time.
12	100% implementation of corrective action against internal audit findings	100%	63%	-37%	Management continues to thrive against an inadequate control environment by implementing the correct measures against identified audit findings. Significant performance has been achieved against Auditor-General findings which is an indicator that, the audit of 2019/2020 financial year will largely not constitute repeated findings.
13	100% implementation of corrective action against external audit findings	100%	89%	-11%	
14	100% filling of vacancies from middle management to Executive Management.	100%	0%	-100%	The EM: Housing Management position is not open for recruitment yet. The Stakeholder Manager role is under offer. It took more than 60 days because arranging for meetings and interviews proved tricky for the interviewees and or the interviewers.

SECTION 5: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



Picture 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 6: STRATEGIC OBJECTIVES

- 1.1 Become a financial sustainable entity.
- 1.2 Contribute towards economic development through Broad Based Black Economic Empowerment.
- 1.3 Develop Social housing projects within the transport corridors, Inner City and Green Fields (including suburbs and economic hubs).
- 1.4 Contribute to mitigating climate change impact.
- 1.5 Become a customer centric company.
- 1.6 Strengthen governance and compliance.
- 1.7 Improve safety and security of all tenants in JOSHCO projects.

SECTION 7: 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 8: 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 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 109 jobs from various projects through EPWP programme in the first half of the financial year. The entity continued to support SMMEs and local labour through allocation of 30% Of CAPEX contracts.

CHAPTER TWO: GOVERNANCE

SECTION 1: BOARD OF DIRECTORS

The Board of Directors is presided over by a Non-Executive Director (Chairperson). Table 2 below has listed the nine (9) Non-Executive Members and two (2) Executive Directors that were appointed by the resolution of the Annual General Meeting. Table 2 reflects Independent Audit Members and JOSHCO currently awaits the Shareholder to make the new additional appointment for the Audit and Risk Committee to complete the composition thereof as per the Board recommendation made on 16 July 2020.

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 nine (9) Non-Executive Directors and two (2) Executive Directors being the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).

Table 2: Board Composition was as follows as at 31 December 2020.

Member	Capacity: Executive/Non-Executive Director	Race	Gender	Qualifications
Mr T Dhlamini (Board Chairperson)	Non-Executive	A	M	Standard 8, 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
Victor Rambau	Executive	A	M	B Tech Production and Operations, MAP and MBA
Ms N Ndimande	Executive	A	F	CA (SA)
Mr L Matshekga	IAC	A	M	MBA, B Com Honours Finance, B Com Economics and Matric

Member	Capacity: Executive/Non- Executive Director	Race	Gender	Qualifications
Mr M Mokgobinyane	IAC	A	M	Master's in accounting science, B Com Accounting, B Com Honours Accounting, CTA and Matric

1.1 BOARD AND COMMITTEE MEETINGS ATTENDANCES

To date, the JOSHCO Board held 7 meetings, Development Committee 4, Social, Ethics & HR Committee held 2 and Audit and Risk Committee held 7 meetings. Of the meetings held in the 2020/21 FY to date, 2 ordinary board meetings held in July and 5 special board meetings held in October and December 2020. 2 ordinary Development Committee meetings and 2 special meetings. 2 Social, Ethics & HR Committee meetings. Lastly, 2 Audit & Risk Committee meetings and 5 special meetings. The below table depicts details of attendance of members in various meetings.

Table 3: Board and Committee Meetings Attendances as at 31 December 2020.

Board of Director	Board			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	7			4			2		
Mr V Rambau	7	-	-	3	-	1	2	-	-
Ms Nontobeko Ndimande	7	-	-	4	-	-	2	-	-
Mr T Dhlamini	7	-	-	-	-	-	-	-	-
Mr X Dlwathi	7	-	-	4	-	-	-	-	-
Ms G Boikanyo	7	-	-	4	-	-	-	-	-
Mr M Maimane	7	-	-	-	-	-	2	-	-
Mr J Sobekwa	7	-	-	4	-	-	-	-	-
Ms S Bhengu	6	-	1	-	-	-	2	-	-
Ms B Makhanya	7	-	-	-	-	-	2	-	-
Mr S Mhlongo	6	-	1	-	-	-	1	-	1
Mr T Mamba	6	-	1	4	-	-	-	-	-

Table 4: Audit & Risk Committee Meetings Attendances as at 31 December 2020.

Names of Audit Committee Members	Audit and Risk Committee		
	Attendance	Absent	Apologies
Number of Meetings	7		
Moshupi Mokgobinyane (Chairperson)	7	0	0
Lesetsa Matshekga	7	0	0
Jason Sobekwa	7	0	0
Victor Rambau (CEO)	6	0	1
Nontobeko Ndimande (CFO)	7	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;
- 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. M Mokgobinyane	Independent Audit Committee member (Chairperson)
Ms. L Matshega	Independent Audit Committee Member
Mr. J Sobekwa	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

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;
- 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; and
- 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

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 reflect cumulative figures from the beginning of the financial year to date.

Table 5: Previous Board of Directors Remuneration as at 31 December 2020.

Name	Designation	Remuneration
*Mr Theodore Dhlamini	Non-Executive Director	R162 000
Mr Xolani Dlwathi	Non-Executive Director	R120 000
Mr Sphiwe Mhlango	Non-Executive Director	R90 000
Mr Moerane Maimane	Non-Executive Director	R120 000
Mr Themba Mamba	Non-Executive Director	R108 000
Ms Sebongile Bhengu	Non-Executive Director	R96 000
Ms Brenda Makhanya	Non-Executive Director	R108 000
Ms Gaby Boikanyo	Non-Executive Director	R128 000
Mr Jason Sobekwa	Non-Executive Director	R156 000
Total		R1 088 000.00

*Fees includes payment of adhoc Board Committee meetings.

Table 6: Previous Independent Audit Members Remuneration as at 31 December 2020.

Name	Designation	Remuneration
Mr Moshupi Mokgobinyane**	Independent Audit Member	R96 000
Mr Lesetsa Matshekg	Independent Audit Member	R42 000
Total		R138 000. 00

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

Table 7: Executive Management Remuneration as at 31 December 2020.

Name	Designation	Remuneration
Mr Victor Rambau	Chief Executive Officer	R1 135 732.28
Ms Nontobeko Ndimande	Chief Financial Officer	R715 013.10
Ms Livhalani Nemaungani	EM: Strategy and Planning	R695 026.77
Ms Nkululeko Magubane	EM: Housing Development	R684 698.64
Ms Kedumetsi Mokhampanyane	EM: Corporate Services	R684 698.64

Name	Designation	Remuneration
Mr Ronald Mutheiwane	Acting EM: Housing Management	R480 028.12
Total		R4 395 197. 55

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, tenancing and community development. The remaining departments are support functions such as Finance, Legal, Strategy and Human Resources.

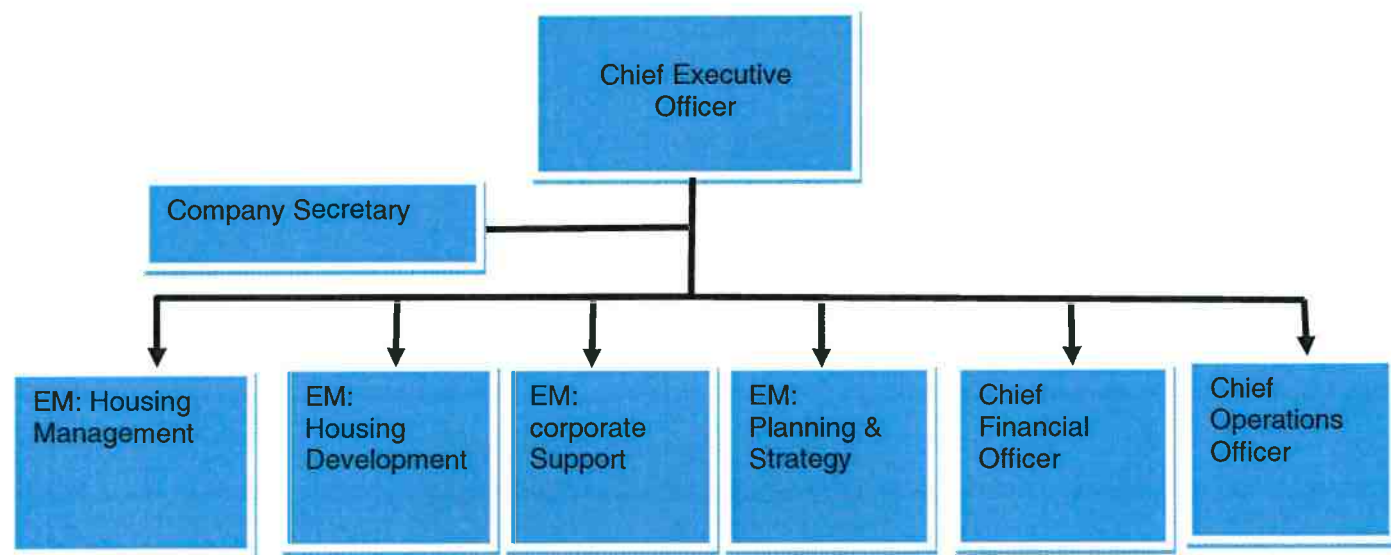


Figure 1: High Level Structure

SECTION 3: RISK MANAGEMENT

The objective of JOSHCO's Enterprise Risk Management (ERM) programme is to affect an ERM process to reduce the total cost of risk, add maximum sustainable value to all activities of the

organisation and, assist in achieving key strategic objectives. The Board and management undertook a risk assessment process to identify the risks facing the organisation in line with the strategy. The realisation of the strategic objectives depends on JOSHCO being able to take calculated risks in a manner that does not impair the direct interest of both shareholder and stakeholder(s).

Sound management of risk enables JOSHCO to anticipate and respond to changes in the Social Housing and economic environment as well as enable the Board to make informed decisions under conditions of uncertainty. The Board committed JOSHCO to a process of risk management aligned to the King IV principle and, the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Integrated Framework. The ERM methodologies are refined through continued research and development and, benchmarking against best practice.

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 2: Risk ARCHITECTURE

3.3 JOSHCO'S TOP 5 RISKS:

Top 5 Residual Risk Rating					
Risk No	Risk Description			Inherent Rating	Residual Rating
1	Low revenue collection			Very High	High
2	Inadequate capital budget allocation by the City resulting to JOSHCO not being able to meet its business plan target of providing affordable rental and social housing units.			Very High	Medium
3	Increase in construction cost of JOSHCO projects due to international trade restrictions.			Very High	Low
4	Inadequate Management	Customer Relationship		High	Low
5	Poor public relations with communities.			Very High	Medium

The above table reflects the top 5 risks that are facing the organisation as at 31 December 2020. These risks are inherent in nature and have influence in the achievement of strategic objectives and robust control environment. Although 4 of the risks have a medium residual risk rating, Management will continue to monitor their movements on a quarterly basis to ensure that they remain medium throughout the financial year and posing not threat to the achievement of objectives and better control environment.

3.4 INFORMATION ON EMERGING/ NEW RISKS





In the period under review, there were no new or emerging risk identified. However, the organisation continued implement strategies for Covid-19 pandemic to ensure the safety of essential employees while non-essential continued to work from home. Only one case was recorded in the quarter, and furthermore the organisation will continue to ensure that safety measures are sustained to manage the second wave as announced by the National Department of Health.

3.5 STRATEGIC RISK STATUS

3.5.1 Progress in the Implementation of Mitigating Controls as at 31 December 2020.

The table below lists the risks as reflected in the strategic risk register in which their mitigation actions are due for reporting as at 31 December 2020: -

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 8: Progress in the Implementation of Mitigation Controls as at 31 December 2020.


Risk Ref	City Risk	JOSHCO Risk	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	Q2					
1	Financial Instability	Low rental revenue	H	H	% collection in respect of current debt.	<ul style="list-style-type: none"> Tenant education on the roles and responsibilities of both JOSHCO and tenants. Approval of a business turnaround strategy. 	<ul style="list-style-type: none"> Tenant awareness related to rental payment was undertaken by the Revenue Department on the 12 December 2020 for the Dobsonville tenants. The training is part of JOSHCO's strategy to educate tenants about their rental responsibilities. The target is to have tenant education session in two projects per quarter going forward As at 17 December 2020 the organisation collected a revenue of 60% with R 2, million collected by the debt collector. The turnaround strategy has been developed and will be submitted to the Board for consideration and approval in 		1/2

Risk Ref	City Risk	JOSHCO Risk	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	Q2					
							January 2021 with the implementation being immediately after approval.		
2	Inability to meet Service Delivery Standards	Inadequate capital budget allocation by the City resulting to JOSHCO not being able to meet its business plan target for providing affordable rental and Social Housing.	M	M	No of Social and affordable Housing Units developed for under privileged beneficiaries City wide.	<ul style="list-style-type: none"> Submit budget adjustment to the City in request for additional capital budget or budget shift to performing projects. 	<ul style="list-style-type: none"> The midyear deviation report was submitted to the City on 14 December 2020 for Council approval. There is no change from the approve budget of R378 million instead the organisation proposed an increase in the number of units to be delivered from 648 to 662 yielding 14 more units as at 30 June 2021. 		1/1
3	Inability to meet Service Delivery Standards	Increase in construction cost of JOSHCO projects due to international trade restrictions.	L	L	No of Social and affordable Housing Units developed for under privileged	<ul style="list-style-type: none"> Standardisation of units designs to contain unit development cost within a specific range. 	<ul style="list-style-type: none"> The standard unit has been received, management and Professional team currently reviewing the proposed against SHRA specifications. 		0/1

Risk Ref	City Risk	JOSHCO Risk	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	Q2					
					beneficiaries City wide.				
4	None	Inadequate customer relationship management.	L	L	% Customer satisfaction rating.	<ul style="list-style-type: none"> Establishment of the Customer Relation Management (CRM) system to improve enquiries/complaints turnaround time. Undertake business process re-engineering to improve efficiency in the leasing and allocation functions. 	<ul style="list-style-type: none"> The process of the establishment of the CRM system is underway with HR department having started with the recruitment of 4 call center agents. It is envisaged that; the appointment will be made in February 2021. A collaboration of business process re-engineering was sought with the University of Johannesburg (UJ) however, the pandemic outbreak together with the Lockdown Regulations prevented the start of the process. UJ has been contacted and eight Honours students in industrial engineering were made available to JOSHCO. JOSHCO awaits the response 		0/2

Risk Ref	City Risk	JOSHCO Risk	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	Q2					
							of the date of the first engagement meeting.		
5	None	Poor public relationship with Communities.	M	M	None	<ul style="list-style-type: none"> Appointment of a Manager in the office of the CEO to assist with management of stakeholder relations. Development of a comprehensive stakeholder engagement plan that takes into account all organisational stakeholders. 	<ul style="list-style-type: none"> The process of the appointment of stakeholder manager is underway and it is envisaged that by 1 February 2021 the manager will be commencing with the duties. A stakeholder engagement plan will be developed once the appointment of the manager has been made to mitigate duplication or development of dual engagement plan. 		0/2
		Consumption of utilities that contribute to the carbon footprint			Number of SMART eco-friendly projects.	<ul style="list-style-type: none"> 9 projects to be installed with prepaid water and electricity systems inclusive of solar panels (two buildings per 	<ul style="list-style-type: none"> Prepaid electricity has been installed at Dobsornville project. The remainder will be installed during Q3 and Q4 Procurement and appointment 		

Risk Ref	City Risk	JOSHCO Risk	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	Q2					
6	None	giving rise to JOSHCO projects not contributing positively to climate change	M	M		quarter). • Development of a project design framework that includes strategies of contributing to climate change.	of Professional team has been concluded to commence pilot project in Turffontein and Roodepoort projects.		1/2
7	Non-compliance to regulatory requirements.	Non-compliance to relevant regulatory and policy requirements	M	M	% Compliance to laws and regulations.	• Implementation of the recommendations of the assurance provider(s). • Procurement of the Exclaim license and appointment of the departmental compliance champions.	• Internal audit recommendations have been implemented, however there are still gaps on the completion of assessment questionnaires that the unit committed to close in the 3 rd quarter. • The procurement of the Exclaim license is underway and the compliance champions for different departments have been appointed by the CEO.		2/2
8	Non-compliance to regulatory	Occupational and health and safety risk.			% Compliance to laws and	• Installation of the Biometrics systems at the entrance of projects. • Installation of CCTV	• JOSHCO is in the process of finalising the establishment of the security panel were service providers for installations of		

Risk Ref	City Risk	JOSHCO Risk	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	Q2					
	requirements		M	H	regulations	cameras that will be linked to security control room.	biometrics will be appointed • JOSHCO has planned to prioritise the installation of the CCTV cameras and biometric system in the Inner-City buildings. To-date no project has been installed with the CCTV cameras. The work will be done through a service provider that will be appointed from securities panel and we envisage to commence with work in February 2021		0/2

Based on the above, the total percentage of actions implemented to manage the residual risk(s) around the control environment in the second quarter was 36% against a target of 95% with a cumulative achievement of 54%. The non-achievement is largely affected by the slow procurement process which had influence in the achievement of certain actions that management needed to implement to manage the residual risk and improve on the control environment. In the 3rd quarter the organisation will accelerate its performance which will have a positive effect on organisational objectives,

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

The Board, Committee and management continued to subscribe to Principle 1 of the King IV report on Corporate Governance for South Africa 2016 state that “the governing body should further continued to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000. In the quarter under review, the organisation undertook a Vuthelimpempe campaign as part of the fraud awareness strategy. The resuscitation of the campaign was also as a result of few fraudulent acts, such as fraudulent advertisement of social housing in JOSHCO letterhead, were identified on social media and reported to GFIS for further investigations. The campaign was held at Maponya Mall where JOSHCO staff members were educating the public about JOSHCO’s position in relation to fraud and corruption and the process of reporting such. Below is one of the pictures of the event.



units should conduct themselves while undertaking their day to day operations on behalf of the organisation.

The fraud hotline number is 0800 002 587

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. However, the fraud register/report was not provided for current quarter reporting.

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, 99% of JOSHCO staff have completed and submitted their annual declaration. 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); and
- ISO 27001 Information Security.

During the 2020-2021 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; and
- Business Continuity.

JOSHCO ICT KPI

As part of JOSHCO's Business Plan Scorecard for the 2020/2021 Financial Year, JOSHCO ICT is responsible for the following objective which relates to the improvement of the ICT infrastructure and

governance as detailed in the table below:

- Improve ICT infrastructure, Application Management and Governance.

To achieve this objective, the JOSHCO ICT Department have developed an Annual Action Plan that includes the major projects that the ICT department is required to implement at JOSHCO.

The required projects are as follows:

- Implement Electronic Document Management System to all departments
- Implement the JOSHCO Intranet
- Provision of adequate ICT services at JOSHCO projects
- Enhance JOSHCO Website
- Training and implementation of ISO controls
- Implementation of effective COBIT Governance Framework
- Implementation of ISO 27001 Information Security Framework
- Upgrade JOSHCO Data Hosting and DR Solutions
- Upgrade JOSHCO Network Solution
- Server Room Construction
- Implement Network Monitoring System
- Implement ICT Service Delivery Management System
- ICT Asset and Service Management
- Business Continuity Site
- Implement Multichannel and App for Housing Management

Each of these projects have multiple action items that are required to be implemented in to achieve the goals set out in the ICT Strategy and Action Plan. These goals are broken down into quarterly timeframes, based on the time periods required to implement these actions.

Table 9: ICT Activities for the Quarter as at 31 December 2020.

KPI	Target 2020/2021 Year	Q2 Target	Q2 Performance	Variance	Evidence and Comments
Implementation of ERP	Implement as per the CoJ programme	Implement as per the CoJ programme	Achieved		Implemented as per CoJ programme. There are no outstanding activities from JOSHCO ICT.

KPI	Target 2020/2021 Year	Q2 Target	Q2 Performance	Variance	Evidence and Comments
ICT Service Delivery Management	4 Quarterly Reports	2 Quarterly Reports: User satisfaction at least 85% (Monthly, Quarterly & Annually in Q4)	Achieved		85% User satisfaction was met. There were no SLA's breached.
		Monitor the JOSHCO's network and server performance to ensure 95% connectivity	Achieved		Network and server performance were fully monitored to ensure 95% connectivity. ICT is also on embarking on procuring an automate monitoring tool which will assist on real time reporting of the network and server connectivity status without relying on human capacity.
		Appraise onsite and offsite storage capacity monthly and reported on	Achieved		Offsite storage and backups were completed successfully.
ICT Risk and Audit Management	4 ICT Operational Risks and Audit Reports	Annual assessment of the ICT risk quarterly review and reporting	Achieved		-
		Report on all ICT audit findings, identified risks and identified non – Compliance activities	Achieved		-
		Implement corrective measures on all audit findings	Partially Achieved		The following SLA are in progress: <ul style="list-style-type: none"> Metropolitan Trading Company (MTC), JOSHCO has Master Agreement Plan with MTC

KPI	Target 2020/2021 Year	Q2 Target	Q2 Performance	Variance	Evidence and Comments
					<ul style="list-style-type: none"> Evolution Technology Group (ETG): In progress, Due date January 2021 Access: JOSHCO domain is hosted by Access. JOSHCO does not have an SLA with Access. ICT is in the process of procuring a service provider for domain and domain hosting. Bottomline IT: In progress, due date is January 2021. Innovo Networks: In progress, due date January 2021. Camelsa Consulting Group: Not yet resolved, due date February 2021.
Infrastructure and Operations Management	Upgrade Host, Dr and implement the Business Continuity Site	Upgrade Host, Disaster Recovery and implement the Business Continuity Site	Partially Achieved		ICT submitted specifications, tender advertised and BSC completed, waiting for procurement to appoint service provider.
	Implement Smart boardroom solution with fully converged voice and video solution	Implement Smart boardroom solution with fully converged voice and video solution	Achieved		Tender awarded, waiting for the building renovations to be completed to allow the service provider to implement Smart Boardroom Solution.
Application	Enhance JOSHCO	JOSHCO Website			Analysis for JOSHCO

KPI	Target 2020/2021 Year	Q2 Target	Q2 Performance	Variance	Evidence and Comments
management	Website	Analysis	Achieved		Website completed.

The above performance shows that the department has managed to achieve eight (8) against the quarterly target of ten (10).

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. The Municipal Finance Management Act - Municipal Regulations on Debt Disclosure was removed from the EXCLAIM tool following discussions with the Finance department which determined that the regulations were in fact not applicable to JOSHCO.

Twenty-three Acts were assessed in the second quarter. The four remaining Acts were not assessed as the questionnaires for these Acts were submitted without evidence. From the 27 acts that were due for assessment, eleven were found to be 100% compliant based on supporting evidence received. This information is detailed in the table below.

Table 10: Acts below 100% compliant as at 31 December 2020.

Act Name	Q1	Q2	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
1.Basic Conditions of Employment Act, No. 75 of 1997	99.3%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
2.Broad-Based Black Economic Empowerment Act, No. 53 of 2003 and 2014 Code	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
3.Companies Act, No. 71 of 2008	97.8%	98.9%	The variance relates to the absence of documents/records based on previous audit findings. The Act requires documents/records to be kept	Proper document management.	Office of the Company Secretary		
4.Construction Industry Development Board Act, No. 38 of 2000	100%	Not assessed	Compliance questionnaire submitted without supporting evidence.	Supporting evidence to be submitted	Housing Development		Information is overdue.

Act Name	Q1	Q2	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
5.Consumer Protection Act, No. 68 of 2008	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
6.COVID -19 Occupational Health and Safety Measures in Workplaces Directive	100%	80%	The variance relates to missing evidence on sections marked as "compliant" on the compliance questionnaire.	Outstanding evidence to be submitted.	Corporate Services (Health and Safety)		Information is overdue.
7.Electronic Communications and Transactions Act, No. 25 of 2002	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
8.Employment Equity Act, No. 55 of 1998	100%	68,9%	<p>The variance relates to:</p> <p>The absence of an Employment Equity Plan.</p> <p>Absence of evidence confirming that employees are not paid differently for work of equal value based on race, gender or disability.</p> <p>Failure to submit prescribed reports to the Director-General of the Department of Labour.</p> <p>Absence of evidence on sections marked "compliant".</p>	<p>Employment Equity Plan to be drafted.</p> <p>Evidence to be submitted confirming that employees are not paid differently for work of equal value.</p> <p>Prescribed reports to be submitted to the Department of Labour.</p> <p>Outstanding evidence to be submitted.</p>	Corporate Services (HR)		30 June 2021.
9.Housing Act, No.107 of 1997	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
10.Labour Relations Act, No. 66 of 1995	100%	95,5%	<p>The variance relates to</p> <p>Limited number of union representatives in relation to the total number of employees.</p> <p>Missing evidence on sections marked as "compliant" on the compliance questionnaire.</p>	<p>Employer to provide advice and guidance to employees on the election and appointment of union representatives to ensure that the number of union representatives meets legislative requirements.</p> <p>Outstanding evidence to be submitted.</p>	Corporate Services (HR)		31 March 2021

Act Name	Q1	Q2	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
11. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	100%	37,5%	The variance relates to the requirement for senior managers to meet competency levels for financial and supply chain management (MFMA course). It further relates to the absence of evidence on sections marked "compliant".	Employer to ensure that all senior managers obtain the competency levels as required by the Act. Outstanding evidence to be submitted. Supporting evidence to be submitted.	Corporate Services (HR)		30 June 2021.
12. Local Government Municipal Finance Management Act - Municipal Supply Chain Management Regulations	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
13. Local Government Municipal Finance Management Act, No. 56 of 2003	100%	97,8%	The variance relates to the failure to place prescribed information on the JOSHCO website. It further relates to missing evidence on sections marked as "compliant" on the compliance questionnaire.	Prescribed information to be placed on the JOSHCO website. Outstanding evidence to be submitted.	Finance		30 June 2021.
14. Local Government Municipal Systems Act, No. 32 of 2000	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
15. Occupational Health and Safety Act - Construction Regulations	100%	Not assessed	Compliance questionnaire submitted without supporting evidence.	Supporting evidence to be submitted.	Housing Development		Information is overdue.
16. Occupational Health and Safety Act - Environmental Regulations for Workplaces, October 1987	100%	88,9%	The variance relates to missing evidence on sections marked as "compliant" on the compliance questionnaire.	Outstanding evidence to be submitted.	Corporate Services (Health and Safety)		Information is overdue.
17. Occupational Health and Safety Act - Facilities Regulations, August 2004	100%	93,8%	The variance relates to missing evidence on sections marked as "compliant" on the compliance questionnaire.	Outstanding evidence to be submitted.	Corporate Services (Health and Safety)		Information is overdue.

Act Name	Q1	Q2	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
18.Occupational Health and Safety Act - General Administrative Regulations, June 2003	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
19.Occupational Health and Safety Act - General Safety Regulations, May 1986	100%	16,7%	The variance relates to missing evidence on sections marked as "compliant" on the compliance questionnaire.	Outstanding evidence to be submitted.	Corporate Services (Health and Safety)		Information is overdue.
20.Occupational Health and Safety Act, No. 85 of 1993	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
21.Preferential Procurement Policy Framework Act. No. 5 of 2000	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A	N/A
22.Promotion of Access to Information Act, No. 2 of 2000 - Public Bodies	88,8%	88,8%	The variance relates to the non-registration of Information Officers with the Regulator.	<p>On the 17th of July 2020, the Information Regulator published a notice inviting written comments on the draft Guidelines on the Registration of Information Officers. The Regulator is currently consulting on these Guidelines and the registration of Information Officers will only take place thereafter.</p> <p>Update received from the Regulator in the second quarter indicated that the Regulator is still processing comments on the guidelines.</p>	Corporate Services Dept./ Office of the CEO	Follow-ups will be made with the Office of the Information Regulator to confirm when registration of Information Officers will be allowed.	As soon as the Information Regulator allows.

Act Name	Q1	Q2	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
23. Protection of Personal Information Act, No. 4 of 2013	92,5%	92,5%	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. The variance further relates to the non-registration of Information Officer/s with the Information Regulator.	Information Officers will be registered as soon as the Information Regulator allows.	Office of the CEO	Compliance Officer commenced employment on the 1 st of December 2020 and will ensure that the remaining areas of non-compliance with this Act are addressed.	30 June 2021.
24. Rental Housing Act, No. 50 of 1999	96,3%	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 Dept.	Regularisation is an ongoing process and tenants who fail to qualify and refuse to vacate the units will be handed over for evictions.	
25. Social Housing Act, No. 16 of 2008	100%	Not assessed	Compliance questionnaire submitted without supporting evidence.	Supporting evidence to be submitted.	Housing Development		Information is overdue.
26. Unemployment Insurance Act, No. 63 of 2001	100%	Not assessed	Compliance questionnaire submitted without supporting evidence.	Supporting evidence to be submitted.	Corporate Services (HR)		Information is overdue.
27. Value-Added Tax Act, No. 89 of 1991	100%	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	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:

Tables 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.	• Food security that is both improved and safeguarded.	• Safer City	-	-	-
	• Increased literacy, skills and lifelong learning amongst all our Citizens.	-	-	-	• Provision of infrastructure resources for early childhood development.
	• Substantially reduce HIV prevalence and non- communicable diseases and a fit City characterised by healthy living for all	-	-	-	-
	• A safe and secure City.	• 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 	• Improve safety and security of all tenants residing in JOSHCO managed projects.	• Controlled access at all JOSHCO properties.
2. Provide a resilient, liveable, sustainable	• Sustainable/ integrated infrastructure services.	• Sustainable service delivery.	• Accelerated and visible service delivery and re-introduction of co-	-	<ul style="list-style-type: none"> • Achieve all service level standards as agreed through SDA. • Critical roles filled at all

2011 GDS	Outputs	COJ Strategic Priorities	GLU Programmes	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
urban environment underpinned by smart infrastructure supportive of low carbon economy.			production in the delivery of the basic services.		times.
	• 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. 	<ul style="list-style-type: none"> Increase social housing projects within the transport Inner City and Greenfield, including the suburbs and economic hubs. 	<ul style="list-style-type: none"> Critical roles filled at all times. Number of units developed.
	• Climate change resilience and environmental protection.	• Sustainable environmental development.	-	<ul style="list-style-type: none"> Contribute to mitigating climate change impact. 	<ul style="list-style-type: none"> Installation of solar systems in all projects. Water harvesting systems. Roof top gardens in the Inner-City projects.
3. An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of Citizens.	• Job intensive economic growth.	• Job opportunity and creation.	• Job opportunity and creation.	• Contribute towards economic development through BBBEE empowerment	• Number of EPWP job opportunity created.
	• Promotion and support to small business.	• Economic development and growth.	• Development and support of the SMME's	• Contribute towards economic development through BBBEE empowerment	<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.
	• Increased	• Smart City			

2011 GDS	Outputs	COJ Strategic Priorities	GLU Programmes	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
	competitiveness of the economy.		-	-	-
4. A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region.	• Re/effective Citizen Gauteng City Region.	-	-	-	-
	• Responsive, account, efficient Metro.	• Good governance.	-		• Actively involve the public pre and post implementation of the projects.
	• Financially and administratively sustainable and resilient City.	• Financial sustainability.	• Improve and strengthen financial position.	• Become a financial sustainable entity.	• A robust revenue collection. • Diversification of revenue stream i.e. student accommodation. • Cost containment strategy application, monitoring and reporting.
	• Citizen empowerment and participation.	• Active and engaged Citizenry.	• Community based planning and enhanced Community engagement, including Mayoral Izimbizo.	-	• Actively involve the public pre and post implementation of the projects.
	•	• Smart City	•		• JOSHCO App • Customer Relation Management (Call Centre) • Smart metering system • Security upgrade: Installation of CCTV cameras, Biometrics
	• Customer care and service.	• Active and engaged Citizenry.	-		• Review of all business processes.
	• Global positioning of Johannesburg.	-	-	-	-
	• Building cooperative	• Active and engaged			

2011 GDS	Outputs	COJ Strategic Priorities	GLU Programmes	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
	and intergovernmental partnerships.	Citizenry.	-	-	-
	• A responsive, corruption-free, efficient and productive metropolitan government.	• Good governance.	• Combat corruption, fraud and, maladministration .	• Strengthen Governance and compliance.	• Robust internal control environment.
		• Minimising the impact of the COVID 19 Pandemic	• Comprehensive Health Response • Food Security Response • Enforcement and Compliance Measures • Economic impact and mitigation measures • Social mobilization and solidarity • Continuation of Municipal Services		• 3 buildings to be redeveloped in response to COVID 19 • Provision of PPE to officials • Enhanced IT systems to support working from home • Continues tenant education on COVID 19 containment measures

SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

The following are key highlights for the quarter:

- JOSHCO held a ground-breaking event of one of the turnkey projects that will be developed in Jeppe's town. Upon completion the projects will yield 1336 units comprised of one and two bedrooms.

SECTION 3: SERVICE DELIVERY CHALLENGES

Below are key challenges that were encountered during the quarter under review.

Table 12: Projects Challenges experienced in the quarter as at 31 December 2020.

CHALLENGES
<ul style="list-style-type: none">• Culture of non-payment by JOSHCO's Tenants
<ul style="list-style-type: none">• Demand for ownership of JOSHCO's rented stock
<ul style="list-style-type: none">• Demand for job opportunities.
<ul style="list-style-type: none">• The COVID 19 pandemic is continuing to be a challenge as remote operation slows down performance of functions that require physical contact

SECTION 4: CAPITAL PROJECTS PERFORMANCE

4.1: PROJECTS UPDATE

4.1.1 Nancefield Station Social Housing

The project was initially contracted to develop a total of 484 social housing units in Klipspruit, Ward 25 in Soweto. The project has not been able to commence due to community-protest the project. The community is demanding that a Gauteng Human Settlements RDP project commences, as it is free, compared to a social housing project, which is a rental option.

In order to re-establish the acceptable feasibility of the project, management has reached an agreement with the Board of Directors to reduce the number of units from 484 to 372 social housing units to be developed on the project. Housing Development has also proceeded and finalised the appointment of Professional team for the project, in order to commence. The project team is planning for a site hand-over on week beginning 18 January 2021. JOSHCO is currently reviewing the contractual alignment with the new Professional team.

4.1.2 State of The Inner-City Programme

In terms of the Council approved Business Plan, JOSHCO will focus on the completion and delivery of 112 units in 80 Plein Street project and the project is to be handed over to Housing Management for Tenanting during quarter 3 of the financial year. The project has been completed and is in the process of hand-over to the Employer (JOSHCO) from main Contractor.

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 13: Project programme

Ref	Project Description	No Of Units	Original start date	Original completion date	Revised Completion Date	Comments on project project time-lines
1	106 Claim Street Inner City Building Conversion Region F	80	21/11/2018	27/09/2019	30/03/2021	Initial EoT awarded 128 days due to community related strikes, thus projecting completion to August 2020. An additional Covid-19 Lockdown resulted into additional delays and the main Contractor had to be awarded a further 66 days due to that. Project is planned to be complete at the end of March 2021.
2	16 Wolmarans Inner City Building Conversion Region F	89	3/4/2018	3/10/2019	15/02/2021	Additional project duration was allocated on the project due to City Power challenges to install Electrical Transformer in 2019. EoT awarded to the main Contractor estimated completion to June 2020 This has further been revised due to six months National Lockdown experienced in year 2020.
3	38 Rissik Street (NBS) Inner City Building Conversion	-300			To be determined after procurement.	No main Contractor appointed yet on the project. The completion dates are to be established once main Contractor is appointed.
4	50 Durban Street Inner City Building Conversion Region F	104	12/02/2018	11/02/2019	30/03/2021	During the financial year 2018/19, the Board of Directors suspended the project for a period of 8 months, while investigating certain issues (not to do with the main Contractor at all). When the project was allowed to proceed, the main Contractor had to be awarded the 8 months period lost, hence the project will be completed in March 2021.
5	80 Plein Street Inner City Building Conversion Region F	344	13/08/2018	11/12/2019	Project is complete.	Work on the external façade resulted into additional 9 months of work. Initially, during design stage, the plan was remove the existing external wall-cladding and install new cladding, but it was realized the surface requires work before installation of cladding.
6	Abel Road Inner City Building Conversion Region F	257	16/01/2018	01/07/2020	30/03/2021	An Extension of Time had to be awarded on the project mainly, due to COVID-19 National Lockdown, which greatly affected the Construction industry.
8	Booyens Place	-250	Not applicable	Not applicable	Not applicable.	No main Contractor appointed yet on the project.

Ref	Project Description	No Of Units	Original start date	Original completion date	Revised Completion Date	Comments on project project time-lines
10	Casamia	80	Not applicable	Not applicable	Not applicable.	Procurement of Professional team to commence in Q3, since the Final Account for the terminated main Contractor has been concluded in Q2.
15	JOSHCO House	0		16/11/2020	30/03/2021	The project was planned for completion in November 2020. Completion of the project has been delayed due to Covid-19 and the Employer occupying the building while under construction. New completion date is planned for March 2021.

Table 14 below presents the Inner-City projects implemented by JOSHCO. In total JOSHCO will deliver 112 units at "Works Completion" stage within the Inner City, making 80 Plein Street project to be fully complete with a total of 344 Social Housing units. Further to that 30 units will reach final completion at Claim Street

Table14: Inner City Programme To Be Implemented in the 2020/2021 Financial Year

PROJECT NAME	APPROVED NO OF UNITS	PROPOSED NO OF UNITS	Q1	Q2	Q3	Q4	ANNUAL TARGET AND VERIFICATION.
80 Plein Street	112	112	0	0	0	112	112 units entirely completed and ready for occupation.
38 Rissik Street	0	0	0	0	0	0	Pre-planning: design development, elementary costing, feasibility and viability.
Booyens Place	0	0	0	0	0	0	Pre-planning: design development, elementary costing, feasibility and viability.
106 Claim Street	0	0	0	0	0	30	30 units entirely complete and ready for occupation (Occupation Certificate issued)
16 Abel Street	0	0	0	0	0	0	Project completion to have an Occupation Certificate and ready for occupation.
TOTAL	112	0	0	0	0	142	142

Table 15 below provides an overview of activities took place during the second quarter of the current year and planned activities for the third quarter towards June 2021.

Table 15: Inner City Progress and Update on Projects as at 31 December 2020.

1	Period	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
			<p>The project is planned to deliver a total of 60 Transitional Emergency Accommodation units once completed. The project programme is currently underway, with the main Contractor at 90% towards completion on site.</p> <p>Below are activities implemented in Q2:</p>

	Q 2 Actual	106 Claim Street	<ul style="list-style-type: none"> • Electrical, mechanical installation testing and commissioning. • Snagging. De-snagging inspection and handover. • Practical completion inspection and sign-off of all units.
	Q 3 Planned		<ul style="list-style-type: none"> • Finalisation of Lift installation and commissioning. • Snagging and de-snagging of the project. • Testing and commissioning of all services i.e Heat-Pumps, Lifts, Electricity etc .
2	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	50 Durban Street	<p>The project is planned to deliver a total of 102 affordable housing units within Inner City on completion.</p> <p>The main contractor had cash flow challenges during the 2nd quarter of this financial year and were unable to pay their service providers on time.</p> <p>The contractor only managed to fully recover towards the end of quarter 2 and picking up momentum on site.</p> <p>Assisted by the Professional team, the main contractor has revised and submitted a recovery plan with methodology that will assist to catch up on time to deliver the project at the end of the 3rd quarter 3.</p> <p>Quarter 2 activities</p> <ol style="list-style-type: none"> 1. Security booth, turnstile installation. 2. Lift installation underway. 3. Electrical second fix 4. Skirtings in units. 5. Window Frames ana panels 6. Tops, sinks and mixers from ground to 3rd floor 7. Snagging and de-snagging from second floor to 4th floor.
	Q3 Planned		<p>Planned activities:</p> <ol style="list-style-type: none"> 1. Security booth, turnstile installation. 2. Lift installation underway. Builder's work on the lift shaft, structural remedial works on the Lift steel runner blades and electrical power connection. 3. Electrical second fix relating to electrical wiring insertion on conduits and distribution to the units and common areas. 4. Skirting installations in units. 5. Window Frames ana panels 6. Tops, sinks and mixers from ground to 3rd floor <p>Snagging and de-snagging from second floor to 4th floor.</p>
3	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	Abel Street	<p>This is an old hotel building acquired by JOSHCO. It is planned to deliver a total of 257 units on completion.</p> <p>The contractors have progressed fairly well during Q2 of 2020/21.</p> <p>Quarter 2 activities:</p> <ol style="list-style-type: none"> 1. Refurbishment of cold-water storage tanks and pumps that exist on the project. 2. PVC window installation progressing. 3. Lift installation progressing. The works include, chasing and trimming of the Lift Shaft, installation of Lift runner blades, electricity supply to the Lift. 4. Electrical second fix: wiring through the existing conduits. 5. Plumbing second fix 6. Head pumps installation 7. Rational fire installation on going 8. City power inspections of the transformer room <p>Installation of distribution boards</p>

	Q3 Planned		Planned activities: <ol style="list-style-type: none"> 9. Completion of lift installation 10. Electrical second completion 11. Plumbing second completion 12. Transformer installation by city power 13. Rational fire installation completion 14. Works on the external façade 15. Snagging and di-snagging of remedial works.
4	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q3 Planned	38 Rissik Street	<p>This is an existing building acquired by JOSHCO in financial year 2015/2016, located within the Inner City. The building has a potential to yield +-300 units.</p> <p>Due to limited budget allocation the projects is currently on hold.</p> <p>To avoid risk of non-payments to service providers a decision was made to move activities to the next financial year. A proposal has been made to re-allocate funds from this project to other projects that are currently active and require budget. JOSHCO is intending to procure a Developer that will develop and operate this project as a student accommodation facility (fully Capitalized) for a number of years, before returning it to JOSHCO.</p> <p>The procurement process will commence in Q3 of 2020/21 financial year.</p>
	Q3 Planned	Booyesen's Place	<p>This is an existing building acquired by JOSHCO in financial year 2015/2016, located in suburban areas around Booyesen, South of the City. The building has a potential to yield +-150 units. Due to limited budget allocation the projects is currently on hold. To avoid risk of non-payments to service providers a decision was made to move activities to the next financial year. The funds allocated to these projects are proposed to be moved to assist on projects that are currently active and require budget.</p> <p>Procurement to appoint pre-construction service providers is to commence in Q3 of the financial year.</p>
5	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	280 Smit Street	<p>The project was due to yield a total of 264 affordable rental units once constructed. However, JOSHCO will no longer be going to tender with the current design due to the high projected costs. The project has thus been closed out. Assessment of the building is underway to determine whether or not JOSHCO should not dispose the building. Management is current preparing a business case to be presented to the Board of Directors to consider asset disposal of this building.</p>
	Q3 Planned		<p>Commence with the process of implementing asset disposal in line with MFMA once the Board of Directors has considered and approved the disposal business case.</p>
6	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual		<p>The project entailed refurbishment of an existing office block into social housing rental accommodation in the City Centre of Johannesburg. In total, the building consists of 344 units.</p> <p>Current Progress: All the units have been developed to 100% completion, including commissioning of various services such as gas installation, plumbing, electrical etc. on the project. The professional team and the Contractor are currently carrying out hand-over inspections of all work done on site. Practical completion certificate has been issued and the project was handed over on 18 December 2020.</p>

		80 Plein Street	<p>The Building inspector has inspected the building and did not raise any matters, for issuing an Occupation Certificate which is expected in January 2021. JOSHCO will need to do signage (JOSHCO branding signage) before tenants take occupation.</p>
	Q3 Planned		<p>The following items need be completed in Q3.</p> <ul style="list-style-type: none"> • Installation of curtain rails to all units • Installation of project signage to the building • Issuing of Occupation Certificate. <p>Completion date: Anticipate overall completion is January 2021.</p>
7	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual		<p>This is an in-situ project in one of existing JOSHCO tenanted projects (Selby Hostel). An opportunity to further develop additional 90 units was realized in 2018/19 financial year.</p> <p>Challenges: The main challenge on the project was Town Planning matters, taking longer to get approval from City Council. The Surveyor General Diagram for the property was approved by Council in November 2019. The Town Planner has now proceeded with the process of amending the Title Deed of the property in line with the new amendments of the scheme.</p> <p>The new rates for this design change would have to be negotiated with the appointed main Contractor before commencement with the project.</p>
	Q3 Planned	Selby Hostel	<p>The following activities will be implemented in quarter 3 period:</p> <ul style="list-style-type: none"> • The reinstatement application for subdivision and consolidation has been circulated to relevant service departments and submitted to CoJ and is currently being assessed. • The submission of SDP and Building plans will be done once the newly created erven have been registered at Deeds Office. • The relocation of the illegal occupants in the area identified for construction that has been a challenge. JOSHCO together with the ward Councillors have agreed to move the qualifying tenants to one of its Inner-City projects (133 Albert Street).
8	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	Casa Mia	<p>Current status:</p> <p>The contract between JOSHCO and Esor Construction was terminated in 2018/19 financial year. The Professional Team Purchase Order has exceeded 20% threshold and JOSHCO could not process their payments. As a result of that, the Professional team suspended their services on the project.</p> <p>JOSHCO will have to procure a new Professional team to start with project re-packaging and specification for tendering purposes in quarter 3 of financial year 2020/21.</p>
	Q3 Planned		<p>The following activities will be done in the financial quarter:</p> <ul style="list-style-type: none"> • Eviction of illegal tenants, through implementation of an existing High Court Order.

			<ul style="list-style-type: none"> • Appointment of a Professional team to re-package the project for re-tendering purposes. The Professional team will include: Project Manager, Quantity Surveyor, Electrical Engineer, Civil Engineer, Architect, Structural Engineer, Health & Safety consultant. • Elementary design, Elementary costing, Design development & Viability, Specification & Documentation. • Procurement processes through Public advertisement of the bids in line with JOSHCO SCM Policy.
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Although there has been a huge impact on projects due to the national lockdown in compliance with COVID-19 National Lockdown regulations, most contractors have managed to review their resources in a way that support projects progress on site. Supply of material was also a challenge during quarter two as most of suppliers were not meeting the expected demand, especially for the Roodepoort phase 2 project. Princess Plot was delayed mainly due to SMME's protest against the work-packages that are allocated on the project, which affected the speed of the project during quarter 2 of the current financial year. Through several engagements, agreements have been reached and the project is planned to re-commence in January 2021.

Table 16 below reflects the programme JOSHCO is managing on its various greenfield project in terms of the number of units to be delivered and the duration of project implementation.

Table 16: Greenfield Programme

Ref	Project Description	No Of Units	Original start date	Original completion date	Revised Completion Date	Comments on project time-lines
17	Lufhereng Social Housing Project	407	01/09/2019	30/08/2021	30/08/2021	The project is on track and ahead of schedule.
19	Nancefield Social Housing Project	372		30/01/2023	27/02/2023	The project is at initiation stages.
20	Princess Plots Social Housing Project	333	01/09/2019	31/10/2021	30/11/2023	The project is delayed due to local SMME challenges relating to work-packages. The issues have since been resolved as at end of Q2 and the project is expected to proceed without major challenges in Q3 and Q4.
21	Randburg Selkirk Social Housing Project	145	20/11/2020	19/11/2021	30/11/2022	The project is at initiation stages.
22	Roodepoort Social Housing Upgrade	92	2/8/2019	2/9/2020	30/03/2021	Main challenge of the project has been local SMME's on work-packages and recent Covid-19 National Lockdown.
13	Golden Highway Social Housing Project	333	11/10/2019	10/09/2021	10/12/2021	The project is on track. Additional duration has been allocated to the project due to Covid-19 National Lockdown delays that occurred.

Ref	Project Description	No Of Units	Original start date	Original completion date	Revised Completion Date	Comments on project time-lines
27	Jeepestown Social Housing	1336	20/01/2021	21/02/2023	No revised date	No comment.
28	Riverside Social Housing	1108	28/01/2021	22/02/2023	No revised date	No comment.
29	Edenburg Social Housing	1031	21/01/2021	22/02/2023	No revised date	No comment.
30	Turn-Key 3: Region G	0				Appointment by Accounting Officer, subject to Board of Directors approval.

Table 17 below reflects the number of greenfield projects that are currently implemented by JOSHCO during this financial year.

Table 17: GREENFIELD PROJECTS

PROJECT NAME	APPROVED NO OF UNITS	Q1	Q2	Q3	Q4	PROPOSED ANNUAL TARGET	MEANS OF VERIFICATION
Golden Highway	60	0	0	0	273	273	Independent professional progress report confirming wall-plate level construction. The wall-plate will consist of: 1. Foundation: earthworks excavation, Steel fixing, Shuttering, where required, concrete pouring and curing for a specified period to reach a designed MPa concrete strength. Depending of the foundation type, raft or strip foundation. 2. Brickwork: bricklaying from foundation up to wall-plate level. 3. Services: electrical conduits installation, plumbing pipework and sewer connection pipes to be laid.
Lufherheng Social	56	0	0	0	155	155	Independent professional progress report confirming wall-plate level construction. The wall-plate will consist of: 1. Foundation: earthworks excavation, Steel fixing, Shuttering, where required, concrete pouring and curing for a specified period to reach a designed MPa concrete strength. Depending of the foundation type, raft or strip foundation. 2. Brickwork: bricklaying from foundation up to wall-plate level. Services: electrical conduits installation, plumbing pipework and sewer connection pipes to be laid.
Nancefield Station	30	0	0	0	0	0	Independent professional progress report: 1. Engineering services: internal

							<p>water reticulation, electricity supply into the site-boundary and excavation and laying of sewer networks internally, within the site.</p> <p>2. Foundation: this will be consisting of excavation (depending on whether Raft or Strip foundation), Steel fixing, shuttering and casting of concrete, including curing period for the require MPA strength.</p>
Roodepoort Social	92	0	0	0	92	92	Practical Completion Certificate in line with Clause 24 of the Joint Building Contract Committee (JBCC).
Randburg Social	73	0	0	0	0	0	<p>Independent professional progress report:</p> <p>1. Engineering services: internal water reticulation, electricity supply into the site-boundary and excavation and laying of sewer networks internally, within the site.</p> <p>2. Foundation: this will be consisting of excavation (depending on whether Raft or Strip foundation), Steel fixing, shuttering and casting of concrete, including curing period for the require MPA strength.</p>
Princess Plot	70	0	0	0	0	0	<p>Independent professional progress report:</p> <p>1. Engineering services: internal water reticulation, electricity supply into the site-boundary and excavation and laying of sewer networks internally, within the site.</p> <p>2. Foundation: this will be consisting of excavation (depending on whether Raft or Strip foundation), Steel fixing, shuttering and casting of concrete, including curing period for the require MPA strength.</p>
Turn-Key 1:	47	0	0	0	0	0	Independent review consultants progress report: site establishment, engineering services installation (internal reticulation).
Turn-Key 2	36	0	0	0	0	0	Independent review consultants report: site establishment, engineering services installation (internal reticulation).
Turn-Key 3	36	0	0	0	0	0	Independent review consultants report: site establishment, engineering services installation (internal reticulation).
Turn-Key 4	36	0	0	0	0	0	Independent review consultants report: site establishment, engineering services installation (internal reticulation).
TOTAL	536	0	0	0	520	520	

Table 18: GREENFIELD PROJECTS UPDATE as at 31 December 2020.

NO	Period	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
1	Q 2 Actual	Golden Highway Social Housing	<p>Phase 2:</p> <p>The project is planned to deliver 273 units without services in June 2021. The balance of 60 units to be delivered at the end of December 2021.</p> <p>Current progress:</p> <ul style="list-style-type: none"> • Construction of brickwork up to first floor slab to phase 2.1. • Plastering work on internal walls. • Slab installation between upper floors • Installation of plumbing and electrical services to various blocks. • Installation of first floor slabs. • Completion of constructing rafts to the remaining phase 2.1 blocks. • Construction of boundary fence
	Q3 Planned		<p>Phase2:</p> <p>The following activities are planned for Q 3 in financial year 2020/21:</p> <ul style="list-style-type: none"> • Continued brickwork on various blocks. • Continued plastering works on internal walls. • Screeding of floors on the units • Completion of blocks for the first 110 units. • Construction of Guardhouse. This will include, earthworks foundation excavations, concrete pouring, brickwork for walls, internal plastering, electrical 1st fix installation, plumbing 1st fix installation, ironmongery installation and structural work for the roof. • Carpentry and joinery • Plumbing and drain lying • Glazing • Electrical works • The report for ratification of land ownership has been finalised by JOSHCO and sent to the City Manager's office in order to meet the Council Meeting in February 2021. • Once the Council resolution has been obtained, JOSHCO will send it to JPC in order to allow JPC to sign documents for the Opening of Township Register for Devland Extension 33 (Phase 2 of development) and the subsequent approval of other outstanding statutory approvals such as • Site Development Plan and the Building Plans
2	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	Lufherheng Social Housing	<p>This is a mixed-housing development project of the City of Johannesburg. JOSHCO is implementing the rental portion of the development. The project will yield a total of 407 social housing units once complete.</p> <p>Current status:</p> <p>The contractor has managed to successfully accelerate works on site to cover for the time lost during Q1 and Q2 following the lockdown restrictions. The project is planned to deliver a total of 155 units at the end of June 2021.</p> <ul style="list-style-type: none"> • Foundation platforms. This includes, setting up and fixing reinforcement steel for foundations, in line with Engineer's designs. • Demolition of existing structures where illegal occupation of the site had occurred. • Civil works, in relation to installation of internal units' services like electricity, plumbing and sewer. • Municipal services installation • Blocks foundations construction.

			<ul style="list-style-type: none"> Commencement of construction: bricklaying on top of foundation casted. Installation of waterproofing. Pouring of concrete slabs to later receive screed and floor covering. Roof covering on ready blocks. This will include installation of roof-trusses, roof insulation and roof-covering as per Engineer and Architect specifications. Windows installation: the window frames would have been installed during the brick-wall construction, once the roof covering is installed, the contractor will proceed to install windowpanes.
	Q3 Planned		Planned Activities <ul style="list-style-type: none"> Continuation of electrical 2nd fix: electrical conduits laying and fitting. Continuation of plumbing 2nd fix: pipelaying and connections vertically to upper floors. Continuation builder's works: bricklaying, ironmongery to ready units, plastering of internal walls. Services installations Roof covering continuation Tiling on ready blocks Painting on ready blocks Doors and glazing fitting on ready blocks
3	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	Nancefield Station	<p>The project has been re-packaged in line with what would be viable. The number of units that can be delivered on the project have been decreased in line with budget availability and as well as the appointment value. The original unit number was 484 and it is now 372 units.</p> <p>Status update: Commencement of the project has received support from the local community. JOSHCO has finalised the appointment of a Project Manager, a lead-consultant for the Professional team in order to start seeing site activities in the third quarter of 2020/21.</p> <p>Planned activities for next quarter:</p> <ul style="list-style-type: none"> Project site hand-over is planned for week beginning 18 January 2021 after the conclusion of the procurement and appointment of lead-consultants was finalized at the beginning of December 2020. The site hand-over will take place once the main Contractor has signed the JBCC contract with JOSHCO and the Professional team has signed a PROCSA Agreement with JOSHCO as well. The process will include all Professional issuing working drawings to main Contractor, identification of pegs on site and Servitudes identification. Community engagements will also take place with community members during the re-launch of the project in Q3 of 2020/21. This will mainly relate to establishment of a Project Steering Committee (it normally depends, some Ward Councillors prefer not to have, while others prefer to have PSC's). Establishment of a project steering committee to assist in driving the project at community level and to guide the beneficiation programme. Community engagements, setting-up of Local Community Beneficiation program. Site Clearance and general earthworks. Setting and procurement of local SMME's and appointment thereof. Setting and excavation for foundations and other services required on site.
	Q3 Planned:		

4	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	Princess Plot	<p>This project will once complete yield a total of 333 social housing units. ENZA Construction is the main Contractor and is currently on site.</p> <p>Current status:</p> <ul style="list-style-type: none"> • Site clearing has been completed. • Ground works and layering work has commenced. • Compacting test are being done as work progresses • Permanent perimeter fence construction is underway. • JOSHCO has had a number of engagements with local labour and business forums. • Set up of local labour and SMME data base is in place.
	Q3 Planned		<p>Planned Activities for next quarter:</p> <p>The following activities will be implemented during the third quarter of financial year 2020/21:</p> <ul style="list-style-type: none"> • Commencement of construction (Builder's Works) of Top-structure. • Civil works sewer storm water and water reticulation • Building of Guard House. • Excavation for of reticulation pond and storm water control. • Civil works sewer storm water and water reticulation • Completion of Boundary wall construction and guard gate house. • Relocation of fence at Clinic.
4	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q 2 Actual	Randburg/Selkirk	<p>Phase 1 will yield a total of 145 Social Housing Units once construction is completed.</p> <p>Current status:</p> <p>The contractor moved onto site and commenced works. The site cleared ready for building operations. However, the actual site permanent site works could not commence as the development needed a piece of land that was in the hands of another developer. This process of land transfer took long to resolve and thus delayed the actual commencement of building operations. A contract addendum had to be drawn to cover the delays caused by late project start</p> <ul style="list-style-type: none"> • Site clearance completed. • JOSHCO signed a Permission to Build and Occupy agreement and issued it to JPC for final signature. <p>Planned Activities for quarter 3:</p> <ul style="list-style-type: none"> • Follow-up on the submitted Section 7(6) application with Building Control, awaiting approval pending signature of land availability agreement. • Resume construction on site. • JOSHCO to get a revised Permission to Build and Occupy (formerly known as land use and maintenance agreement) from JPC which includes the 8 meter wide strip of land from ATTCO5. <p>Challenges: Due to the current changes in management at JPC it is difficult to obtain documents previously sent for signatures or follow up as "new" people are handling such matters. However, progress has been made and constant engagement with the current management is crucial</p>
			<p>The project is planned to yield a total of 92 units, once completed.</p> <p>Supply of tilling was a challenge on this project, the supplier was unable to meet the demand following the lockdown restriction.</p> <p>The contractor re-considered the option of changing the supplier, but it was discovered that most reliable suppliers face the same backlog.</p>

	Q2 Actual	Roodepoort Phase 2	<p>The following activities were implemented in the 2nd quarter of 2020/21 financial year:</p> <ul style="list-style-type: none"> • Internal finishes, i.e tiling, painting is currently at 90% • Electrical second fix is currently at 95% • Installation of heat pumps • Continuation of balustrades installation • Completion of the Palisade fence erection • Preparation for paving • Electrical final fix
	Q3 Planned		<p>Planned Activities</p> <ol style="list-style-type: none"> 7. Paving works on going 8. Electrical connection and distribution 9. Plumbing final fix 10. Completion of finishes 11. Snagging and de-snagging 12. Inspections, testing & commissioning. <p>Preparation for Practical completion inspection and sign-off of all units.</p>
5	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q 2 Actual	Region F: Jeppestown Social Housing	<p>This project will yield a total of 1336 social housing units once completion.</p> <p>The Developer has been appointed by JOSHCO, the parties are currently reviewing the Development Agreement, expected to be signed at the beginning of Q3.</p>
	Q3 Planned		<p>The following activities are planned for quarter 3 of the current financial year:</p> <ul style="list-style-type: none"> • Signing of Development Agreements. • Contractual Site hand-over to Developers. • Commencement of construction. • Project funding application submission to Social Housing Regulatory Authority (SHRA).
6	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	Region E: Edenburg Social Housing	<p>This project will yield a total of 1031 social housing units once completion.</p> <p>The Developer has been appointed by JOSHCO and has signed a Development Agreement for the project with JOSHCO.</p>
	Q3 Planned		<ul style="list-style-type: none"> • Introduction of Developer and development, including presentation of local empowerment programme to ward Councillor in January 2021. • Site hand-over to Developers. • Commencement of construction. • Project funding application submission to Social Housing Regulatory Authority (SHRA).
7	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q 2 Actual	Key 2: Region A: Riverside Social Housing	<p>This project will yield a total of more than 1108 social housing units once completion.</p> <p>A Developer has been appointed. JOSHCO and the Developer are currently reviewing the Development Agreement for signature.</p>
	Q3 Planned		<p>Activities planned for quarter 3 of current financial year:</p> <ul style="list-style-type: none"> • Introduction of Developer and development, including presentation of local empowerment programme to ward Councillor in January

			2021. <ul style="list-style-type: none"> • Signing of Development Agreement. • Site hand-over to Developers. • Commencement of construction. • Project funding application submission to Social Housing Regulatory Authority (SHRA).
8	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	Turn-Key 4: Region C	This project will yield a total of more than 500 social housing units once completion. A Developer has been recommended for appointment, subject to a favourable Due-Diligence process, to be implemented by the Internal Auditors.
	Q3 Planned		Activities planned for quarter 3 of 2020/21, should the Due-Diligence process be favourable on the recommended Developer: <ul style="list-style-type: none"> • Introduction of Developer and development, including presentation of local empowerment programme to ward Councillor in January 2021. • Signing of Development Agreements. • Site hand-over to Developers. • Commencement of construction.

4.2 JOB CREATION AND SMME EXPENDITURE

Table 19: SMME Expenditure as at 31 December 2020.

Project	Local Labour (wages)	EPWP	SMME Expenditure
Roodepoort Ph2	R 140,033.11	Existing contracts	R 936,501.86
Abel Street	R 135,345.85	Existing contracts	R 470,216.60
Lufherheng	R 301,542 .06	Existing contracts	R 2,560,800.90
80 Plein Street	R 135,970.00	Existing contracts	R 128,000.00
Princess Plot	R -	No EPWP	R 1,254,201.85
Golden Highway	R 701,836.00	Existing contracts	R 4,475,615.00
TOTAL	R 1,575,249.67	0	R 9,825,336.21
Q2 Expenditure			R 81,704,441.88
30% Expenditure			11%

4.3 CAPITAL PROJECTS AND EXPENDITURE

In financial year 2020/2021, JOSHCO has a total budget allocation of **R 378 000 000** funded from: COJ Loans, Urban Settlement Development Grant, and National Provincial Grant. At the end of quarter two, the Entity managed spend 38% against its allocated budget. The table below reflects the cumulative expenditure against each project underway:

Table 20: Cumulative Expenditure Report as at 31 December 2020.

EXPENDITURE REPORT (Accumulative expenditure, as at 2nd Quarter on 31/12/2020): CAPITAL PROJECTS 2020-2021					
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	Nancefield Station	R 18,000,000.00	R 0.00	0%	R 18,000,000.00
	Lufhereng Social Housing	R 31,000,000.00	44,453,695.39	143%	R -13,453,695.39
	Golden Highway Social Housing-Devland	R 33,000,000.00	R 34,085,508.81	103%	R -1,085,508.81
	SUB-TOTAL A	R 82,000,000.00	R 78,539,204.20	96%	R 3,460,795.80
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	80 Plein Street	R 10,000,000.00	R 6,114,505.38	61%	R 3,885,494.62
	Casa Mia (Phase 1&2)	R 5,000,000.00	R 0.00	0%	R 5,000,000.00
	Inner City Rental Housing	R 16,000,000.00	R 3,799,232.26	24%	R 12,200,767.74
	Joshco House	R 30,000,000.00	R 15,995,822.09	53%	R 14,004,177.91
	38 Rissik Street	R 4,550,000.00	R 0.00	0%	R 4,550,000.00
	Booyens Place	R 5,000,000.00	R 0.00	0%	R 5,000,000.00
	106 Claim Street	R 5,000,000.00	R 0.00	0%	R 5,000,000.00
	8-16 Abel Street	R 10,000,000.00	R 13,590,579	136%	R -3,590,579.32
	SUB-TOTAL B	R 85,550,000.00	R 39,500,139.05	0%	R 46,049,860.95
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	Randburg Selkirk	R 40,442,000.00	R 3,801,801.16	9%	R 36,640,198.84
	SUB-TOTAL C	R 40,442,000.00	R 3,801,801.16	9%	R 36,640,198.84
MINING BELT	Roodepoort Phase 2	R 20,000,000.00	R 14,447,247.74	72%	R 5,552,752.26
	Princess Plot	R 40,000,000.00	R 2,147,054.71	5%	R 37,852,945.29
	SUB-TOTAL D	R 60,000,000.00	R 16,594,302.45	0%	R 43,405,697.55
TURN KEYS	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	Special Projects Programme	R 24,058,000.00	R 0.00	0%	R 24,058,000.00
	Region A	R 25,950,000.00	R 0.00	0%	R 25,950,000.00
	Region B	R 20,000,000.00	R 0.00	0%	R 20,000,000.00
	Region D	R 20,000,000.00	R 0.00	0%	R 20,000,000.00
	Region G	R 20,000,000.00	R 0.00	0%	R 20,000,000.00
	SUB-TOTALE	R 110,008,000.00	R 0.00	0%	R 110,008,000.00
	TOTAL (A+B+C+D+E)	R 378,000,000.00	R 138,435,446.86	37%	R 239,564,553.14

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation has 15 key performance indicators that translated into 19 Annual Targets in the 2020/21 business plan. In the quarter 15 targets were due for reporting with only 1 target achieved, whilst 9 were partially achieved reflecting performance that is above the 50% rate. 5 targets were under 50%.

Performance Targets	Targets
Applicable targets in Q2	15
Targets achieved	1
Targets not achieved	14
Targets not achieved but above 50% of the set target	9
Not due for reporting	4

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 21: Performance against Predetermined Objectives as at 31 December 2020

Key Performance areas	Key Performance Indicator	Total target for the year 2020/21	Q2 Target	Q2 Actual	Variance	Mitigation Actions
1. Financial Sustainability.	Achievement of selected profitability and liquidity ratios.	Current Ratio: 1:1	1:1	0.80:1	-0.20	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. The entity has drafted a 5-year strategy document with a key focus on revenue enhancement activities in order to improve our financial sustainability. The strategy is circulated to the Board for approval in the January 2021 meeting.
		Solvency Ratio: 1:1	1:1	0.86:1	-0.14	
		50 days cost coverage	50 days coverage	-185 days	-235 days	Plans are in place for implementation of the strategies (student accommodation, outdoor advertising, implementation of projects on behalf of other government institutions). These initiatives are ongoing and will be implemented throughout the year. Non-performance is due to low cash balances and an overdraft as at 31 December 2020 as a result of settlement of suppliers prior to receiving claims from the Department of Housing (Housing) and the Corporate Asset Management (CAM) department.

Key Performance areas	Key Performance Indicator	Total target for the year 2020/21	Q2 Target	Q2 Actual	Variance	Mitigation Actions
						We continue to engage with Housing to assist in shortening the period it takes to receive payment.
	% Collection in respect of current debtors.	85% collection in respect of debtors	85%	60%	-25%	<p>Non-achievement of this target is due to continued low rental collection across all projects. We are still seeing the effects of the national lockdown as many tenants have requested an extension to the payment holiday as they are still not getting their full salaries.</p> <p>A debt collecting company appointed in August 2020 has collected R114 000 in September, R1.14 million in October and R757 000 in November 2020 of the outstanding debt older than 90 days handed over. The second phase of the handover is all tenants who have defaulted on acknowledgement of debt agreements entered into and those who have not entered into any payment arrangement for amounts over 90 days in arrears. These will be done across all projects.</p> <p>We are continuing with implementing our collection processes. Evictions will be executed once regulations allow for evictions to be executed.</p> <p>The settlement discount voucher initiatives will continue. The offering of the 25%-30% Settlement Discount Vouchers and 50% Black Friday Special resulted in collection amounting to R185 000 and R189 000 respectively.</p>
2. Economic Development	Number of jobs created for the unemployed through the EPWP programme.	910 number of jobs created through the EPWP programme.	455	109	-346	The need for headcount was reduced due to reduced activities at head office. The opportunity to create more jobs will be from the Development team and most new contractors will be appointing in the next quarter. This is because the contractors have the potential capacity to carry more headcount.
	% Of capex spent on SMME.	30% spent of capex on SMME	30%	21%	-9%	Due to lack of SMME appointments in Randburg and Princess Plot, there has been less SMME activities on projects, except Golden Highway, Lufherheng, Roodepoort and

Key Performance areas	Key Performance Indicator	Total target for the year 2020/21	Q2 Target	Q2 Actual	Variance	Mitigation Actions
						partly Plein Street. There is now a better structure-capturing and reporting of this performance, which will be implemented onto other projects during Q3.
	% Of valid invoices paid within 30 days of invoice receipt.	100% valid invoices paid within 30 days of invoice receipt.	100%	100%	-	We will continue to implement our processes to ensure we pay all valid invoices within 30 days.
3. Social Housing Development	No of social and affordable housing units developed for under privileged beneficiary's City wide.	648 no of social and affordable housing developed for the disadvantaged beneficiaries	-	-		Although the KPI is measured at the end of the financial year. Some of the challenges in the quarter related to supply of material and SMME protest namely at Princess Plot over remuneration. The above have since been resolved.
	% Capital budget spent on rental social housing infrastructure.	95% capital budget spent on rental of social housing infrastructure .	50%	37%	-13%	Agreement on local SMME work-packages have been reached and the project is planned to re-commence in January 2021. The Randburg project had delays relating land-agreement conclusion. This will be concluded in January 2021 and the project will re-commence. Procurement and appointment of Professional team for Nancefield has been concluded and site hand-over is expected in January 2021. Three turn-key developments service providers have been appointed and planned to commence in January 2021. JOSHCO's Capital expenditure is expected to increase in the third quarter of financial year 2020/21.
4. Contribute to mitigating climate change impact.	No of SMART and eco-friendly projects.	9 properties installed with either pre-paid water, electricity systems or solar panels.	3 properties installed with either pre-paid water, electricity systems or solar panels.	1	-2	Prepaid electricity systems were only installed in Dobsonville project. Procurement of service provider to implement assessment for other projects was concluded in Q2 and will commence with implementation in Q3 of the financial year. The challenge that caused delays was due to specification drafting, as this is the first type of a programme to be implemented by JOSHCO.

Key Performance areas	Key Performance Indicator	Total target for the year 2020/21	Q2 Target	Q2 Actual	Variance	Mitigation Actions
		2 properties installed with rainwater system.	1 property installed with rainwater system.	0	-1	
5. Adherence to corporate governance principles.	Unqualified audit opinion.	Unqualified audit opinion	-	-		The external audit is currently underway, it is envisaged that, in the 3 rd quarter a final report will be issued to JOSHCO and as such, the results will be reported in the same period.
	% Compliance to laws and regulations.	95% compliance to laws and regulations.	95%	41%	-54%	Underperformance is mainly due to lack of capacity from business units to ensure that compliance becomes an integral part of the daily operations. The Risk and Compliance Champions have been appointed, and such will assist in robust monitoring of compliance to laws and regulations on a monthly basis. Furthermore, the Operational Risk and Compliance Committee has been formed. The Committee will be responsible for overall oversight of Compliance Champions reporting to ensure that weaknesses are identified and corrected in real-time.
	% Implementation of corrective actions against identified risks.	95% implementation of corrective action against identified risks.	95%	52%	-43%	Procurement process has been rather a slow one in the quarter which affected majority of the corrective measures to reduce the residual risk to a desired level. The risk business unit will continue to robustly monitor on a monthly basis residual risk movement to ensure that such is within manageable tolerance level. The Committee will be responsible for overall oversight of Compliance Champions reporting to ensure that weaknesses are identified and corrected in real-time.
	% Implementation of corrective action against audit findings.	100% implementation of corrective action against internal audit findings	100%	63%	-37%	Management continues to thrive against an inadequate control environment by implementing the correct measures against identified audit findings. Significant performance has been achieved against Auditor-General findings which is an indicator that, the audit of 2019/2020 financial year will largely not constitute repeated findings.
		100% implementation of corrective	100%	89%	-11%	

Key Performance areas	Key Performance Indicator	Total target for the year 2020/21	Q2 Target	Q2 Actual	Variance	Mitigation Actions
		action against external audit findings				
	% Filling of vacancies from middle management to Executive Management.	100% filling of vacancies from middle management to Executive Management .	100%	0%	-100%	The EM: Housing Management position is not open for recruitment as yet. The Stakeholder Manager role is under offer. It took more than 60 days because arranging for meetings and interviews proved tricky for the interviewees and or the interviewers.
6.Stakeholder Centric.	% Customer satisfaction rating	85% customer satisfaction rating	-	-		The KPI is measured in the 4 th quarter of each financial year.
	% Employee satisfaction rating	85% employee satisfaction rating	-	-		The KPI was not due for reporting in the period under review.

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

SECTION 6: CIRCULAR 88 KPI

JOSHCO contribute to one annual circular 88 key performance indicator that is currently not due for reporting.

Table 22: Performance against Institutional SDBIP as at 31 December 2020

No	National Treasury Proposed Indicators	Ref No	2018/19 Baseline	2020/21 Targets	Quarterly Targets				Total Budget R 000		Quarterly budget R 000				Lead Department/Entity
					Q1	Q2	Q3	Q4	Capex	Opex	Q1	Q2	Q3	Q4	
126	New subsidized units developed in Brownfields developments as a percentage of all new subsidized units city-wide	IC1.	297	112	-	-	-	112	R85,550	-	15%	50%	80%	95%	JOSHCO

SECTION 7: 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. JOSHCO has achieved six of its seven service standards in Quarter 2. The agreed service standards with the City covers the following:

- 98% accurate bills of all active customers;
- 96% of maintenance request attended within 7 working days of the logged call;
- 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 7 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 31 December 2020 related to the service level standards:

Table 23: Service Level Standard Performance as at 31 December 2020.

Core Service	Service Level Standard Target	October 2020 Actual	November 2020 Actual	December 2020 Actual	Quarter 2 2020 Actual	Evidence	Variance	Variance explanation	Mitigations
Billing of customers	98% accurate bills of all active customers	98.7% (8105 / 8211)	99% (8179 of 8254)	99% (8184 of 8259)	98.9%	Dated and signed prebilling monthly report for each project;	None	None	None

						and tariffs schedule			
Attending to request to maintenance	96% of maintenance request attended within 7 working days of the logged call	88.73 % (606 of 683)	93.48 % (545 of 583)	94.12% (256 of 272)	91% (1408 of 1538)	MDA/Jobs report	- 5%	Technical system challenges prevented timeous issuing of orders. Service providers not meeting required performance standards.	Engage with technical support to ensure business continuity measures are in place. Apply performance management actions towards service providers not achieving required standards.
Routine building maintenance	Once per year and as and when required	92% (12 of 13)	100% (3 of 3)	No planned maintenance	100% (16 of 16) the one activity planned for October was only implemented in November 2020	Service Plan for 2019/20 submitted once during quarter 1 or when reviewed; and MDA/ jobs report	None	None	None
Application of rental housing	Outcome of enquiry to be sent to application within 5 days	5 days (281 of 281)	1 day (289 of 290)	4 days (35 of 75)	3 days	Emails database and emails	None	None	None
Applicant of rental housing	Outcome of the application communicated within 7 days	3 days (45 of 51)	1 day (60 of 63)	0.45 days (40 of 41)	1 days	Dated and signed tracking document; and SMS report	None	None	None
Resolution of complaints	Acknowledgment and response within 24 hours of complaint being logged	24 hours (301 of 301)	24 hours (312 of 312)	24 hours (102 of 102)	24 hours	Automated emails	None	None	None
Resolution of complaints	Resolution within 5 working days of logged call	9 days (13 of 20)	2 days (20 of 22)	4 days (25 of 27)	5 days	Monthly spreadsheet with a summary of all queries attended to for the reportable month; and Emails.	None	None	None

7.1 PERFORMANCE AGAINST SERVICE STANDARDS (DETAILED)

7.1.1 Maintenance Function

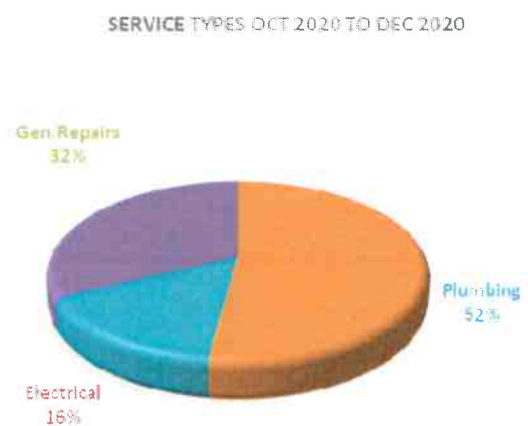
Maintenance is a component of Property Management, which is linked to the customer satisfaction level as well as a strategy for retaining and growing the value of the building as an asset. Maintenance is therefore crucial to the management of the entire housing management portfolio within JOSHCO. Maintenance falls into the following categories:

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

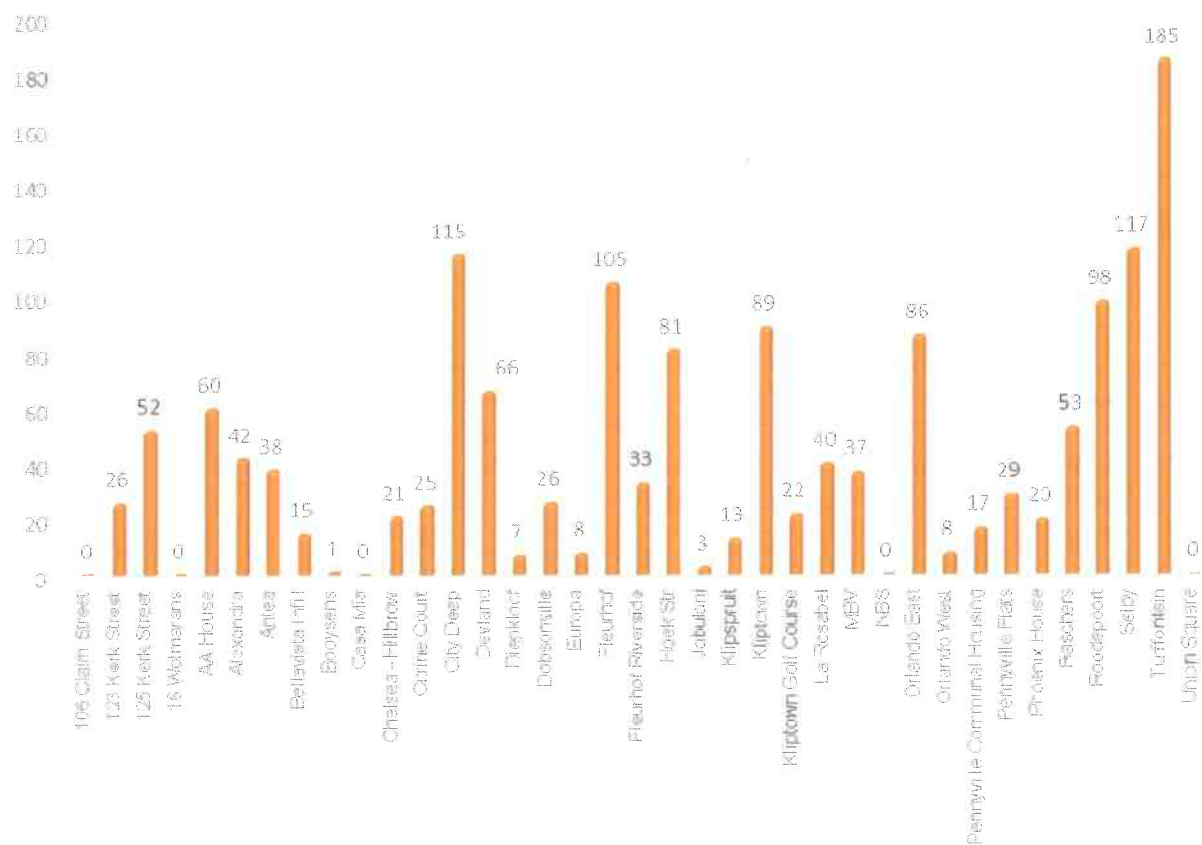
The total maintenance cost incurred for the quarter amounted to **R8 586 497.85**. A total of 1538 reactive jobs were logged between October 2020 and December 2020 at a cost of **R 5 194 507.26**, and **R 3 391 990.59** was spent on planned maintenance programmes.

The SDA key performance indicator of 96% relating to the number of maintenance cases closed within turnaround of seven (7) days was not achieved with 91.48% being achieved. However, there is an improvement of 2.48% compared to the first quarter report.

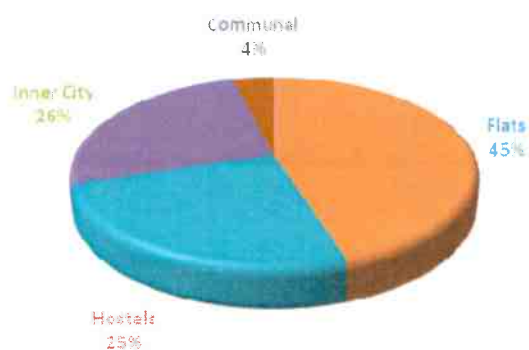
7.1.2. The below charts provide an analysis of jobs logged per project as at 31 December 2020.



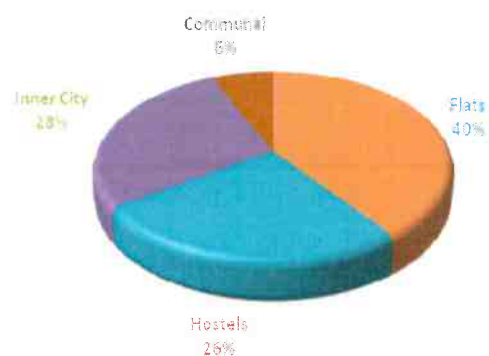
7.1.3. Total Jobs per Project as at 31 December 2020.



JOBS PER PROJECT TYPE



PERCENTAGE COST PER PROJECT TYPE



The following table provides and analysis of maintenance costs per project as at 31 December 2020.

Table 24: Project Reactive Maintenance Costs as at 31 December 2020.

Project Name	Q2 Cost	% of Q2 Cost	Total Cost YTD	Budget YTD	% Budget YTD	Total Annual Budget	% Annual Budget Spent
16 Wolmarans	-	0.00%	-	169 602.00	0.00%	339 204.00	0.00%
123 Kerk Street	125 206.90	2.41%	174 611.43	159 000.00	109.82%	318 000.00	54.91%
125 Kerk Street	161 213.62	3.10%	330 313.83	255 000.00	129.53%	510 000.00	64.77%
AA House	235 475.10	4.53%	495 581.18	249 884.40	198.32%	499 768.80	99.16%
Alexandra	247 841.22	4.77%	400 565.97	596 394.00	67.16%	1 192 788.00	33.58%
Antea	199 944.39	3.85%	262 519.63	386 900.00	67.85%	773 800.00	33.93%
Bellavista Infill	45 309.15	0.87%	95 397.18	78 864.00	120.96%	157 728.00	60.48%
Booyens	13 824.30	0.27%	25 168.32	185 496.00	13.57%	370 992.00	6.78%
Chelsea	117 933.24	2.27%	182 803.94	153 000.00	119.48%	306 000.00	59.74%
Citrine Court	61 523.73	1.18%	175 061.13	224 098.84	78.12%	448 197.68	39.06%
City Deep	607 127.41	11.69%	965 407.92	1 010 380.50	95.55%	2 020 761.00	47.77%
106 Claim Street	-	0.00%	-	79 500.00	0.00%	159 000.00	0.00%
Devland	65 242.43	1.26%	159 367.45	344 500.00	46.26%	689 000.00	23.13%
Dobsonville	116 745.85	2.25%	198 872.23	1 060 000.00	18.76%	2 120 000.00	9.38%
Diepkloof	5 412.91	0.10%	12 719.65	578 865.00	2.20%	1 157 730.00	1.10%
Europa	45 703.58	0.88%	93 335.50	61 692.00	151.29%	123 384.00	75.65%
Fleurhof	680 161.17	13.09%	1 414 875.60	794 955.00	177.98%	1 589 910.00	88.99%
Fleurhof	73 114.32	1.41%	179 719.96	198 450.00	90.56%	396 900.00	45.28%
Hoek Street	384 977.13	7.41%	527 989.95	63 600.00	830.17%	127 200.00	415.09%
Jabulani	26 785.81	0.52%	41 497.31	100 500.00	41.29%	201 000.00	20.65%
Klipspruit	36 305.08	0.70%	85 458.68	119 760.00	71.36%	239 520.00	35.68%
Kliptown	156 327.45	3.01%	470 272.21	622 500.00	75.55%	1 245 000.00	37.77%
Kliptown Golf	42 373.48	0.82%	79 317.84	556 500.00	14.25%	1 113 000.00	7.13%
La Rosabel	121 854.73	2.35%	150 603.87	170 658.00	88.25%	341 316.00	44.12%
MBV	150 153.53	2.89%	290 872.73	217 500.00	133.73%	435 000.00	66.87%
NBS	-	0.00%	2 753.27	108 207.50	2.54%	216 415.00	1.27%
Orlando East	197 263.89	3.80%	355 444.50	235 325.00	151.04%	470 650.00	75.52%
Orlando West	20 858.54	0.40%	24 412.04	224 106.00	10.89%	448 212.00	5.45%
Pennyville	88 222.80	1.70%	169 265.86	100 000.00	169.27%	200 000.00	84.63%
Pennyville Flats	196 307.37	3.78%	298 185.63	225 000.00	132.53%	450 000.00	66.26%
Phoenix House	56 865.37	1.09%	107 785.67	113 600.00	94.88%	227 200.00	47.44%
Raschers	35 268.85	0.68%	99 517.55	98 000.00	101.55%	196 000.00	50.77%
Rodepoort	289 940.61	5.58%	465 674.51	386 013.50	120.64%	772 027.00	60.32%
Selby	244 308.03	4.70%	359 198.81	450 498.00	79.73%	900 996.00	39.87%
Turffontein	344 915.27	6.64%	661 659.06	450 400.00	146.90%	900 800.00	73.45%
Grand Total	5 194 555.00	100.00%	9 356 230.41	10 828 500.00	86.40%	21 657 499.48	43.20%

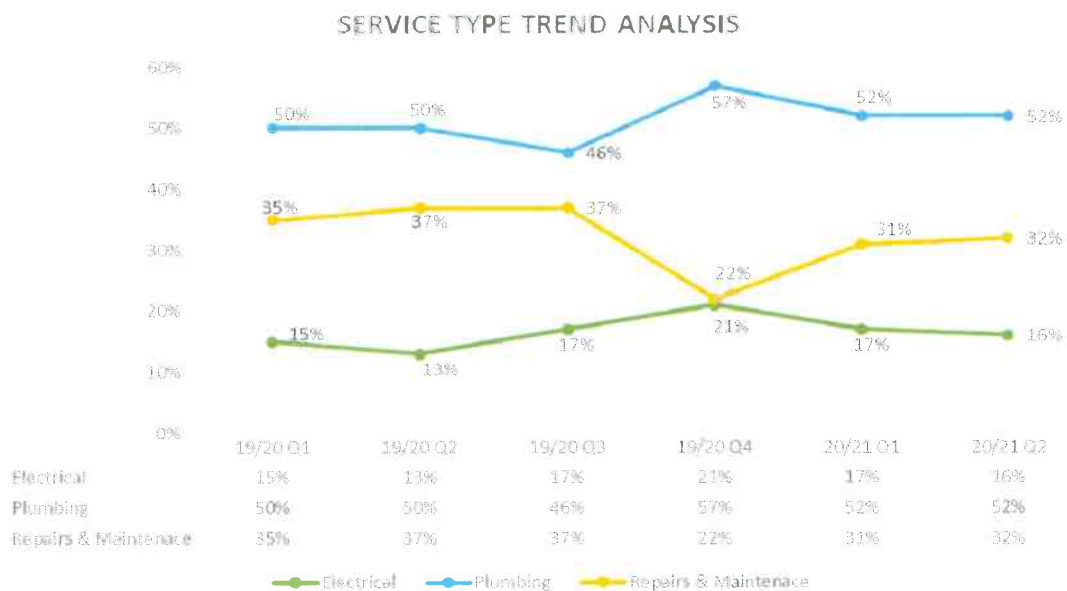
7.2 Reactive Maintenance Costs

The jobs per service type were within their normal band with:

- 52% of jobs logged relating to plumbing
- 32% of jobs relating to general repairs and maintenance,
- 16% of jobs relating to electrical.

Plumbing remain the bulk of the maintenance jobs logged 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.

7.2.1 The following chart provides an analysis of the service type trends as at 31 December 2020



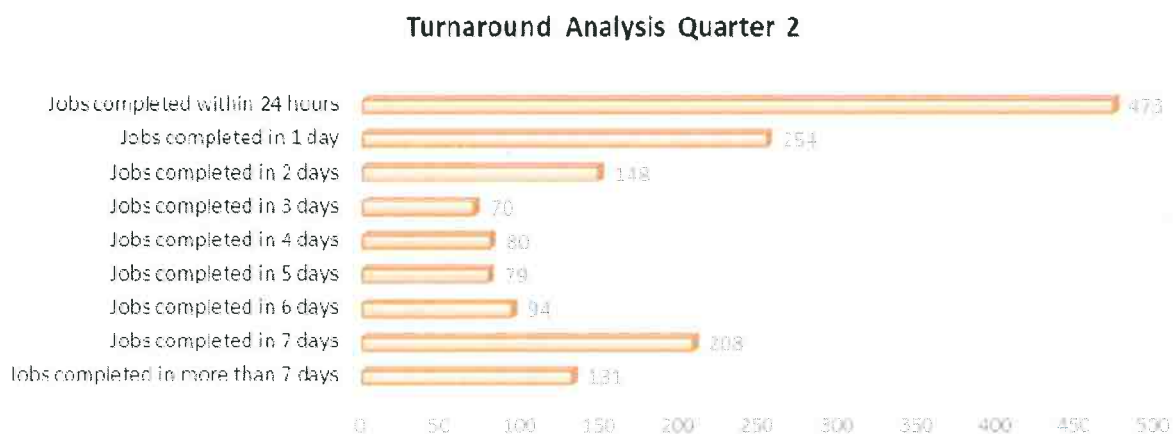
7.2.2 Turnaround Times

Table 25: Breakdown of Maintenance Turnaround Achieved Per Project as at 31 December 2020.

Project Name	Total Jobs	Jobs Within Turnaround	Jobs Outside Turnaround	7 Day Turnaround Achieved
123 Kerk Street	26	22	4	84.62%
125 Kerk Street	52	41	11	78.85%
AA House	60	57	3	95.00%
Alexandra	42	35	7	83.33%
Antea	38	28	10	73.68%
Bellavista Infill	15	11	4	73.33%
Booyens	1	-	1	0.00%
Chelsea	21	19	2	90.48%
Citrine Court	25	22	3	88.00%
City Deep	115	99	16	86.09%
Devland	66	65	1	98.48%
Dobsonville	26	24	2	92.31%
Diepkloof	7	7	-	100.00%
Europa	8	8	-	100.00%
Fleurhof	105	101	4	96.19%

Fleurhof Riverside	33	33	-	100.00%
Hoek Street	81	79	2	97.53%
Jabulani	3	2	1	66.67%
Klipspruit	13	13	-	100.00%
Kliptown	89	86	3	96.63%
Kliptown Golf Course	22	20	2	90.91%
La Rosabel	40	18	22	45.00%
MBV	37	34	3	91.89%
Orlando East	86	77	9	89.53%
Orlando West	8	8	-	100.00%
Pennyville Communal	17	16	1	94.12%
Pennyville Flats	29	29	-	100.00%
Phoenix House	20	18	2	90.00%
Raschers	53	50	3	94.34%
Roodepoort	98	91	7	92.86%
Selby	117	113	4	96.58%
Turffontein	185	181	4	97.84%
Grand Total	1 538	1 407	131	91.48%

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



7.3 Planned Maintenance Schedule costs for Quarter 1 and 2

The following report provides a breakdown of planned maintenance executed during the 2020-2021 financial year.

Table 26: Planned Maintenance Schedule

PLANNED MAINTENANCE: 2020-2021	Quarter 1	Quarter 2
OHSA		
OHSA Remedial Work	10 609.01	65 010.56
Service fire equipment	151 192.14	681 081.68
AA House		
Installation of backup generator		350 130.00
Service of sump pumps		3 005.28
Service of communal kitchen & bathroom extraction fans		25 368.48
Painting of basement areas		99 742.50
Maintenance of laundry washing lines		21 070.82
Antea		
Internal painting of units	194 153.00	
Service of gate motors		2 405.28
Securing of Eskom Substation		20 038.08
Securing of all passage DB Boxes		62 017.60
Securing of security guardhouse		25 488.98
Repair of boundary wall		82 482.41
Maintenance of laundry washing lines		43 691.00
Repaint of traffic & parking lines		68 876.00
Repair of all passage lights		21 320.30
Alteration of project main entrance & access control		54 291.99
Bellavista Infill		
Repaint of traffic & parking lines		14 136.40
Botlhabela		
Reinstatement of damaged boundary fence	62 734.30	
Chelsea		
Repair to fire staircase		10 098.80
Repaint of traffic & parking lines		8 998.80
City Deep		
Repaint of traffic & parking lines		32 254.32
Painting of entrance gates & turnstiles		18 910.67
Clear out all gutters & downpipes		39 299.13
Service of heat pumps		162 855.00
Install gate for Pikitup refuse area		29 272.54
Repair of entrance gates of all phases		72 429.40
Dobsonville		
Servicing of heat pumps	85 360.00	
Marking of refuse bins		25 088.00
Installation of additional area lights		18 234.84
Repaint of traffic & parking lines		25 931.28
Repair of snags to new units		42 876.83

PLANNED MAINTENANCE: 2020-2021	Quarter 1	Quarter 2
Europa House		
Placement of communal shower curtains	16 460.50	
Servicing of heat pump	124 412.00	
Fleurhof Junction		
Setup of site storage facility	12 772.26	
Repair & service of heat pump systems	201 732.86	
Replacement of Phase 1 guardhouse		24 502.12
Service of heat pumps		24 809.40
Marking of refuse bins		5 323.95
Waterproofing of staircases		20 858.94
Fleurhof Riverside		
Repair of structural defects	61 156.90	
Repaint of traffic & parking lines		11 542.88
Hoek Street		
Installation of backup generator	229 856.00	
Jabulani		
Installation of palisade fence	40 058.00	
La Rosabel		
Reposition of communal bathroom geysers		20 818.65
MBV		
Revamp of communal kitchen areas	28 295.68	
Repair and service of water booster pump system	91 186.06	
Repair and service of basement submersible pumps	62 168.04	
Orlando Ekhaya		
Service of heat pumps		40 865.00
Pennyville		
Installation of additional security lighting	59 285.18	
Phoenix House		
Installation of boundary fence		46 353.54
Selby		
Creation of new site office space	19 266.00	
Repaint of traffic & parking lines		25 816.73
Tshedzani Flats		
Internal painting & tiling of units		315 928.33
Clean out of gutters & downpipes		47 403.10
Turffontein		
Servicing of heat pump systems	49 000.00	
Installation of gutters & downpipes		56 961.27
Replacement of defective door locks		492 754.50
Repair of biometric access control		79 440.00
Service of heat pumps		52 205.21

PLANNED MAINTENANCE: 2020-2021	Quarter 1	Quarter 2
Total Expenditure	1 499 698.04	3 391 990.59

7.4 Maintenance Analysis per Project

The following 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 27: Maintenance Analysis per Project as at 31 December 2020.

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
123 Kerk Street	Electrical	4	6	10	63 801.60
	Plumbing	4	-	4	16 209.90
	Re-instatement	2	-	2	22 898.22
	Repairs & Maintenance	1	9	10	22 297.18
123 Kerk Street Total		11	15	26	125 206.90
125 Kerk Street	Electrical	10	4	14	23 210.33
	Plumbing	8	5	13	40 210.35
	Repairs & Maintenance	17	8	25	97 792.94
125 Kerk Street Total		35	17	52	161 213.62
AA House	Electrical	2	10	12	54 074.55
	Plumbing	14	15	29	72 306.09
	Re-instatement	2	-	2	5 790.50
	Repairs & Maintenance	4	13	17	103 303.96
AA House Total		22	38	60	235 475.10
Bothlabela	Electrical	-	6	6	117 082.87
	Plumbing	2	32	34	97 601.09
	Repairs & Maintenance	-	2	2	33 157.26
Bothlabela Total		2	40	42	247 841.22
Antea	Electrical	3	3	6	35 891.63
	Plumbing	14	11	25	127 375.52
	Repairs & Maintenance	5	2	7	36 677.24
Antea Total		22	16	38	199 944.39
Bellavista Infill	Electrical	2	1	3	2 015.03
	Plumbing	3	-	3	3 686.19
	Re-instatement	1	1	2	21 192.11
	Repairs & Maintenance	6	1	7	18 415.82
Bellavista Infill Total		12	3	15	45 309.15
Booysens	Repairs & Maintenance	-	1	1	13 824.30
Booysens Total		-	1	1	13 824.30
Chelsea	Electrical	1	3	4	30 007.97
	Plumbing	-	14	14	59 389.16
	Repairs & Maintenance	1	2	3	28 536.11

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
Chelsea Total		2	19	21	117 933.24
Citrine Court	Electrical	1	2	3	2 705.21
	Plumbing	6	3	9	13 671.98
	Re-instatement	4	-	4	29 202.83
	Repairs & Maintenance	7	2	9	15 943.71
Citrine Court Total		18	7	25	61 523.73
City Deep	Electrical	10	5	15	93 340.51
	Plumbing	50	26	76	318 692.10
	Re-instatement	1	-	1	7 122.72
	Repairs & Maintenance	15	8	23	187 972.08
City Deep Total		76	39	115	607 127.41
Devland	Electrical	2	15	17	30 142.59
	Plumbing	17	11	28	18 542.82
	Re-instatement	2	-	2	2 799.23
	Repairs & Maintenance	13	6	19	13 757.79
Devland Total		34	32	66	65 242.43
Diepkloof	Plumbing	7	-	7	5 412.91
Diepkloof Total		7	-	7	5 412.91
Dobsonville	Electrical	4	4	8	57 107.36
	Plumbing	4	3	7	18 470.75
	Repairs & Maintenance	5	6	11	41 167.74
Dobsonville Total		13	13	26	116 745.85
Europa	Electrical	-	1	1	1 584.56
	Plumbing	-	3	3	9 151.75
	Repairs & Maintenance	1	3	4	34 967.27
Europa Total		1	7	8	45 703.58
Fleurhof	Electrical	6	7	13	85 804.91
	Plumbing	29	44	73	341 465.28
	Re-instatement	4	-	4	80 611.34
	Repairs & Maintenance	18	30	48	245 393.96
Fleurhof Total		57	81	138	753 275.49
Hoek Street	Electrical	4	5	9	25 564.51
	Plumbing	1	54	55	203 220.54
	Repairs & Maintenance	3	14	17	156 192.08
Hoek Street Total		8	73	81	384 977.13
Jabulani	Plumbing	2	1	3	26 785.81
Jabulani Total		2	1	3	26 785.81
Klipspruit	Electrical	-	2	2	4 164.40
	Plumbing	-	5	5	14 434.90
	Repairs & Maintenance	3	3	6	17 705.78
Klipspruit Total		3	10	13	36 305.08
Kliptown	Electrical	9	4	13	20 973.32

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
	Plumbing	40	8	48	58 394.39
	Re-instatement	1	-	1	21 532.10
	Repairs & Maintenance	19	8	27	55 427.64
Kliptown Total		69	20	89	156 327.45
Kliptown Golf Course	Plumbing	17	3	20	41 288.45
	Repairs & Maintenance	2	-	2	1 085.03
Kliptown Golf Course Total		19	3	22	42 373.48
La Rosabel	Electrical	2	4	6	6 087.78
	Plumbing	2	11	13	40 686.82
	Re-instatement	-	1	1	7 134.70
	Repairs & Maintenance	7	13	20	67 945.43
La Rosabel Total		11	29	40	121 854.73
MBV	Electrical	1	5	6	11 978.03
	Plumbing	-	23	23	107 797.15
	Re-instatement	1	-	1	13 783.52
	Repairs & Maintenance	1	6	7	16 594.83
MBV Total		3	34	37	150 153.53
Orlando East	Electrical	10	4	14	36 415.06
	Plumbing	36	7	43	75 108.69
	Re-instatement	5	-	5	53 950.87
	Repairs & Maintenance	20	4	24	31 789.27
Orlando East Total		71	15	86	197 263.89
Orlando West	Electrical	1	1	2	9 679.42
	Plumbing	1	4	5	11 179.12
	Repairs & Maintenance	-	1	1	-
Orlando West Total		2	6	8	20 858.54
Pennyville	Electrical	2	5	7	126 686.57
	Plumbing	15	19	34	119 800.70
	Repairs & Maintenance	3	2	5	38 042.90
Pennyville Total		20	26	46	284 530.17
Phoenix House	Electrical	5	1	6	14 812.41
	Plumbing	4	3	7	10 542.87
	Repairs & Maintenance	6	1	7	31 510.09
Phoenix House Total		15	5	20	56 865.37
Raschers	Electrical	4	6	10	10 036.78
	Plumbing	-	39	39	22 733.75
	Repairs & Maintenance	3	1	4	2 498.32
Raschers Total		7	46	53	35 268.85
Roodepoort	Electrical	4	8	12	47 727.21
	Plumbing	39	22	61	99 686.24
	Re-instatement	3	-	3	68 389.67

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
	Repairs & Maintenance	4	18	22	74 137.49
Roodepoort Total		50	48	98	289 940.61
Selby	Electrical	12	4	16	40 162.65
	Plumbing	57	17	74	139 680.72
	Repairs & Maintenance	16	11	27	64 464.66
Selby Total		85	32	117	244 308.03
Turffontein	Electrical	20	5	25	42 838.19
	Plumbing	42	5	47	80 002.55
	Re-instatement	2	-	2	15 338.18
	Repairs & Maintenance	103	8	111	206 736.35
Turffontein Total		167	18	185	347 572.66
Grand Total		844	694	1 538	5 194 507.26

7.4.1 High cost for unplanned maintenance

Maintenance Department had experience high cost from the unplanned maintenance due to the aging infrastructures such as water supply pipes and sewer pipes. This problem is more dominant in the Brown Field developments where existing buildings are renovated without considering the aging underground infrastructures.

7.4.2 Pro-active plan to cater for aging underground infrastructures

Maintenance Department will make a provision of at least 10% to the budget allocation to a newly received Brown Field developed building to ensure that there is enough budget to cover measure emergencies such as burst pipes and sewer blockages. This pro-active plan will assist to contain costs within the project allocated budget.

7.5 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 99%.

Table 28: OCCUPANCY LEVELS PER PROJECT as at 31 December 2020.

No.	Project Name	Units No.	Untenantable Units	Tenantable Units	Vacant Units	Occupied	Occupancy Rate
1.	AA House	253	0	253	0	253	100%
2.	African Diamond	61	0	61	4	57	93.44%
3.	Antea	302	0	302	0	302	100%
4.	Bellavista Infill	36	0	36	1	35	97.22%
5.	Bothlabela	520	0	520	0	520	100%

No.	Project Name	Units No.	Untenantable Units	Tenantable Units	Vacant Units	Occupied	Occupancy Rate
6.	Chelsea	80	0	80	0	80	100%
7.	Citrine Court	79	0	79	1	78	98.73%
8.	City Deep New	329	0	329	0	329	100%
9.	City Deep Old	380	0	380	0	380	100%
10.	Devland	255	0	255	1	254	99.60%
11.	Dobsonville	502	0	502	20	482	96.02%
12.	Diepkloof	216	70	146	0	146	100%
13.	Europa House	167	0	167	2	165	98.80%
14.	Fleurhof Ph. 1	452	0	452	1	451	99.77%
15.	Fleurhof Ph. 2	252	0	252	0	252	100%
16.	Hoek Street	265	0	265	0	265	100%
17.	Jabulani	54	0	54	0	54	100%
18.	Klipspruit (Beds)	0	0	0	0	0	100%
19.	Kliptown Golf C	934	0	934	1	933	99.89%
20.	Kliptown Square	478	0	478	6	472	98.87%
21.	La Rosabel	50	0	50	0	50	100%
22.	MBV	188	0	188	0	188	96.28%
23.	Orlando Ekhasa 2	190	0	190	1	189	99.47%
24.	Orlando Ekhasa 1	102	0	102	0	102	100%
25.	Orlando West	44	0	44	0	44	100%
26.	Pennyville (Flats)	198	0	198	0	198	100%
27.	Pennyville Rooms	492	0	492	1	491	99.77%
28.	Phoenix House	134	0	134	1	133	99.25%
29.	Rashers' Building	96	0	96	1	95	98.96%
30.	Roodepoort	432	0	432	3	429	99.30%
31.	Selby Rooms	19	0	19	2	17	89.47%
32.	Selby Units	268	0	268	0	268	100%
33.	Textile Building	162	0	162	10	152	93.83%
34.	Turffontein	525	0	525	15	510	97.14%
Total		8515	70	8445	71	8374	99.16%

7.5.1 Physical verification v/s System verification

- The physical occupation of unit structures is = 99.16%
- The system generated report occupation is = 95.23%
- Variance = 3.93%

7.5.2 The root cause for the variance of 3.93%

- Non-billing units in the former public hostels (City Deep, Antea and Selby Hostels)
- Child-headed homes in the hostels where parents deceased

- Pensioners who never moved out of units

NB: The units mentioned above are declared vacant in the system while they are physically occupied on site. The stakeholder engagement process focused on resolving this matter and the projects that are mostly affected had been engaged in the second quarter and implementation of the regularisation process that will close the 3.93% vacancy gap will be undertaken in the third quarter.

7.5.3 STAKEHOLDER ENGAGEMENT PROGRESS

The following projects were engaged during the second quarter:

- AA House
- La Rosabel
- Raschers Building
- Antea Hostel
- Selby Hostel

Table 29: CUSTOMER SATISFACTION SURVEY TARGET OF 86% (Block representative)

No.	Project Name	Security	Handling Queries	Cleaning	Building Maintenance	Overall %	Variance
1.	African Diamond	85	80	79	73	79.25%	6.75%%
2.	Bellavista Infill	100	61	71	69	75.25%	10.75%
3.	Bothlabela	86	55	66	77	71.00%	14.00%
4.	Chelsea	45	67	83	45	60.00%	26.00%
5.	Citrine Court	80	64	56	60	65.00%	21.00%
6.	Devland	88	81	60	86	78,75%	7.25%
7	Fleurhof Ph. 1	85	80	79	73	79.25%	6.75%
8.	Fleurhof Ph. 2	95	85	85	75	85.00%	1.00%
9.	Kliptown Golf C	70	65	54	60	62.25%	23.75%
Is10	Kliptown Square	65	80	55	65	66.25%	19.75%
11.	MBV	33	48	60	66	51.75%	34.25%
12.	Orlando Ekhaya 2	70	60	75	60	66.25%	19.75%
13	Pennyville	N/A	95	66	78	79.67%	6.33%
14	Phoenix House	81	80	50	81	73.00%	13.00%
15	Roodepoort	83	72	50	72	69.25%	16.75%
16	Selby Units	31	62	39	50	45.50%	40.50%
17	Textile Building	83	65	100	66	78.50%	7.50%
18	Turffontein	76	61	83	76	74.00%	12.00%

Overall performance	69.78%	70.06%	67.28%	69.28%	70%	16%
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7.6 TENANTS EDUCATION

The department offered tenant education to Dobsonville project on 12 December 2020, tenants were trained on the following topics:

- Lease agreement
- Rental payment using reference number through various paying options
- House rules
- Parking agreement
- JOSHCO various department contact details
- Tenants' rights and obligations as well as JOSHCO rights and obligations

The training was a huge success and the attendance was very satisfactory.

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 30: Personnel Cost by Occupational Level as at 31 December 2020

Occupational Level	Q1 No. of 'ees	Q1 (R'000) Personnel Expenditure	Q2 No. of 'ees	Q2 (R'000) Personnel Expenditure	% of ttl pers. cost	(R'000) Average cost per employee
Top Management (CEO, CFO)	2	852,514.00	2	852,514.00	3%	426,257.00
Executive Managers	3	1,261,816.63	3	1,261,816.63	5%	420,605.54
Professional Qualified /Mid Man	34	5,641,810.05	34	5,641,810.05	22%	165,935.59
Skilled, Technicians	93	7,524,866.03	97	7,719,719.19	30%	79 584,73
Semi-Skilled	1	43,407.18	1	43,407.18	0%	43,407.18
Internship	5	110,556.35	5	110,556.35	0%	22,111.27
EPWP	78	835,500.00	78	835,500.00	3%	10,711.54
Unskilled	366	9,677,482.86	364	9,660,824.86	37%	26,540,72
Total	582	25,947,953.10	584	26,126,148.26	100%	

Notes: The salary costs above include costs for Cleaners, Security guards and excludes governance cost (Board fees).

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 on time.

Table 31: Acting Appointments as at 31 December 2020.

Designation	Current	From
Portfolio Manager	Exec Manager: Housing Management	26 th March 2020 to date

The Executive Manager: Housing Management resigned at end of February 2020. The Portfolio Manager continues to act until further notice.

2.1 RECRUITMENT

Table 32: Staff Movement as at 31 December 2020.

Position	Number of vacancies	New Position/ Replacement	Status
Graphics and Branding Officer	1	New Position	Appointed 1 October 2020
Internal Auditors	2	New Position	Appointed 1 December 2020
Security Supervisor	3	New Position	1 Appointed 7 December 2020
Compliance and Ethics Officer	1	New Position	Appointed 1 December 2020
Total	7		

Table 33: Recruitment Progress as at 31 December 2020.

Position	# vacancies	New Position/ Replacement	Status
Stakeholder Manager	1	Replacement	Offer stage
Contact Centre Agents	4	New Position	Re-Advertised
IT Technician	1	Addition to H/C	Offer Stage
Driver / Messenger	1	Addition to H/C	Shortlisting Stage
Snr Manager: Project Man.	1	Replacement	Shortlisting Stage
Property Supervisors	6	Replacement	Shortlisting Stage
Project Manager	1	Replacement	Shortlisting Stage

SECTION 3: EMPLOYMENT EQUITY

This section provides information on how the entity has performed and responded to the requirements of employment equity for the quarter under review. JOSHCO's policy objective is to have a workforce reflective of the demographics of South Africa and Gauteng region. Diversity and inclusion are entrenched in our talent management as well as a learning and development agenda which allows us to improve our talent pipeline for designated groups. The Employment Equity is profiled according to gender, disability, race, salary grade and by occupational levels. The employment equity targets are aligned to the country's Economically Active Population (EAP) percentage distribution within the Gauteng region. The EAP includes people from **15 to 64 years of age** who are either employed or unemployed and seeking employment and is used to assist employers in the analysis of their workforce to determine the degree of under-representation of the designated groups. JOSHCO is required to use the EAP as a guide, to determine the resource allocation and subsequent interventions that are needed to achieve an equitable and representative workforce. It is important to note that the analysis of this section of the report focuses on the Gauteng EAP and IDP target as depicted in the tables below.

Table 34: Employee Equity Statistics as at 31 December 2020.

Employment Equity Profile													G/ Ttl	Racial % Achiev ement	Female Gender % Achieveme nt
Occupatio nal Level	Male				Female				Foreign Nat.		Local				
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Managem ent	1	0	0	0	1	0	0	0	0	0	1	1	2	100%	50%
Snr Man.	1	0	0	0	2	0	0	0	0	0	1	2	3	100%	67%
Profession al Middle Man.	16	0	0	3	12	0	1	0	1	1	19	13	34	91%	38%
Skilled Technicall y and Academic ally Qualified	42	2	0	0	47	3	1	1	0	1	44	52	97	98%	54%
Semi- Skilled	1	0	0	0	0	0	0	0	0	0	1	0	1	100%	0%
Unskilled	167	2	0	0	192	3	0	0	0	0	169	195	364	100%	54%
Total	228	4	0	3	254	6	2	1	1	2	235	263	501	99%	52%

SECTION 4: AGE PROFILE

Table 35: Employee Age Profile as at 31 December 2020.

Age			Gender		Race			
Age Groups	Number of staff	% representation	Male	Female	A	C	I	W
18-25	4	4%	0	4	4	0	0	0
26-35	38	35%	18	17	30	3	0	2
36-45	40	35%	18	22	35	1	1	2
46-55	18	16%	12	7	16	1	1	0
56-65	12	11%	6	6	10	1	0	1
Total	112	100%	54	57	95	6	2	5

SECTION 5: SKILLS DEVELOPMENT AND TRAINING

5.1 Bursaries for 2020/21

The Bursary advert closed on the 3rd of November 2020. A total of 46 applications were received. The bursary Committee is planning to meet beginning of the 3rd quarter to deliberate on the applications and make the announcements in line with the bursary policy.

5.1.2 Training Interventions

- MFMA classes were held at Wits for the 3 Executive members during the reporting period
- One employee attended the MIE (integrity and reference checks) training
- One employee attended the annual Labour Law Conference
- Induction was held with eighteen employees
- Sexual harassment workshop was attended by eighteen employees.

SECTION 6: PERFORMANCE MANAGEMENT

All employees of JOSHCO are expected to sign new performance contracts by end of Sept for the financial year 2020/21, the progress thereof will be provided from the end of quarter 2 of F2021.

Table 36: Performance Contract Report as at 31 December 2020.

Department	Eligible Staff members	Performance Agreements submitted	Outstanding
Office of the CEO	6	6	0
Business Planning & Strategy	4	4	0

Department	Eligible Staff members	Performance Agreements submitted	Outstanding
Housing Management	50	42	8
Housing Development	8	7	1
Finance & SCM	10	7	2
Revenue	18	16	2
Corporate Support & HR	12	9	3

Note: The outstanding performance contracts are due to either employees being new or on extended leave of absence.

SECTION 7: DISCIPLINARY MATTERS AND OUTCOMES

7.1 Labour Relations matters

Table 37: Suspensions

Number of employees	Position	Charges
1	Property Supervisor	<ul style="list-style-type: none"> • Insolence. • Bringing the organisation's name into disrepute.
5 (Shop Stewards)	2x Property Supervisors, 2x Credit Controllers and 1 Security Officer	<ul style="list-style-type: none"> • Insolence. • Bringing the organisation's name into disrepute.

The disciplinary hearings for all employees had one seating on the 10th of December 2020, and to be continued on the 17th of February 2021.

7.2 Disciplinary Actions

Two disciplinary hearings took place. The one matter related to continuous absenteeism and misrepresentation of information. The second seating was for dereliction of duties. The outcome for both cases was summary-dismissal. The employees further lodged an appeal against their dismissal.

7.3 External Referrals

One employee referred the matter for Arbitration at the Bargaining Council, however, the matter was dismissed due to the lateness of the referral. The matter related to the alleged non-payment of an annual increase in 2016. Another employee referred a matter for Conciliation. This related to a non-appointment to a position. The set down date has not been set yet.

Table 38: Grievances as at 31 December 2020.

Month lodged	Nature of the grievance
October	Recruitment and non-appointment to the position
October	Unfair labour practice in relation to remuneration and benefits

SECTION 8: LEAVE & PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hour's Policy, JOSHCO employees are entitled to 24 days leave per annum to be taken at in line with the Leave Policy. 80 sick leave days in a three (3) year cycle are also provided to staff.

8.1 Overall Company Leave Analysis as at 31 December 2020:

Due to the COVID-19 and the work from home arrangement a few have asked for leave however most applied for the December break. This however excludes maternity leave and sick leave. As such there is too little data to analyse.

SECTION 9: MARKETING AND COMMUNICATION

This section of the report highlights JOSHCO's performance on Marketing and Communication objectives for the 2nd quarter of the 2020/2021 financial year. Communication is one of the organisation's strategic management function and an essential part of the organisation's daily operations. The department aims at ensuring well-coordinated and responsive communication internally and externally. The department's strategy is aimed at engaging internal and external stakeholders directly in order to improve our relationship and to ensure collaborative planning across board. This approach enables JOSHCO stakeholders to express their needs and expectations openly and in a sound manner, meanwhile enhancing the company's reputation.

This quarter's targets and organization's engagement plans have been amended as a measure of being responsive to the Mayoral Lekgotla priorities held in November. The organizations visibility and announcements of the great work being done has been prioritised. The organisation delivered a total of five (5) events/ activations for the quarter, out of the 6 that were initially planned.

9.1.1 MAYORAL IMBIZO AT ANTHEA HOSTEL

On the 6th of November 2020, the Executive Mayor Geoff Makhubo addressed the tenants of Anthea Hostel in response to the hostel dwellers plight to be heard. The Mayor: Mr R. Mathango and JOSHCO Management agreed on a plan of action to address the matters of concern raised by the tenants.



Tenants at Anthea Hostel tenants

9.1.2 SECTION 79 & BOARD OVERSIGHT VISIT TO TRAs

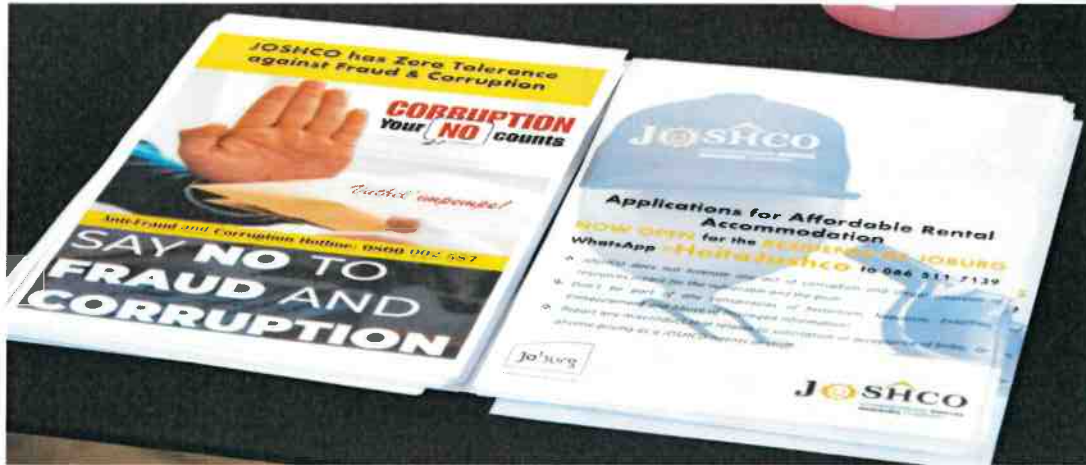
The City's Section 79 Committee members visited the Marlboro Temporary Relocation Areas sites (TRAs) on 30th November 2020.



JOSHCO BOARD, and Executive Management being briefed on the Progress

JOSHCO being the implementation agent, invited the JOSHCO Board to visit the sites on the 22nd of October 2020. This was to witness the progress made thus far by JOSHCO as it is the implementing agent.

9.1.3 COMMEMORATING ANTI FRAUD & CORRUPTION



Printed material for the Commemoration

The organisation commemorated the Anti-Corruption Day on the 9th of December 2020 at Maponya Mall. The team noted a lot of queries relating to illegally occupied units in new projects and on social media platforms – the bribery issue raised its ugly head. The Twitter account administrator took note of the victims and forwarded the contacts to the relevant department.

9.1.4 GROUND-BREAKING OF THE JEPPESTOWN SOCIAL HOUSING DEVELOPMENT



MMC Mabaso cutting the ribbon

MMC for Housing: Cllr Mlungisi Mabaso officially launched the beginning of the Jeppestown Social Housing Development on Tuesday, 15th December 2020. This project is one of the City's Turnkey projects that is a part of the R1,6 Billion investment set aside for all turnkeys. The development responds to the need for decent and affordable, housing within the innercity. MMC Mlungisi Mabaso

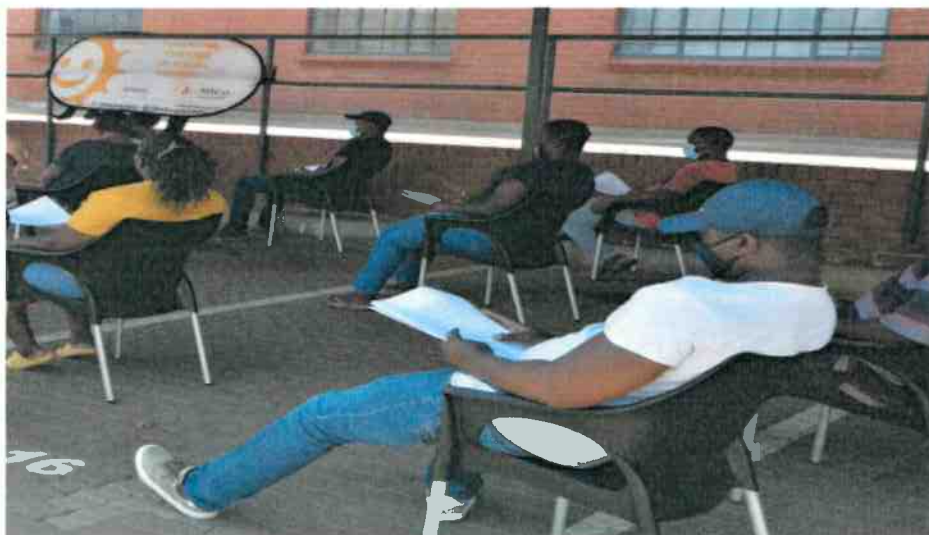
was joined by MMC Mathongo; MMC Moerane, including the Ward Cllr: Vusi Zondo and Cllr Zulu, the Developer, JOSHCO's Board of Directors and EXCO.



The development contractor team with the JOSHCO Board Chairperson

9.1.5 DOBSONVILLE TENANTS TRAINING

On the 12th of December 2020, the organisation delivered the tenant training workshop at Dobsonville project. This was targeted at all the new tenants – to ensure that they understand their responsibilities as lease holders and the responsibilities of JOSHCO as the Landlord. Sub-letting was highlighted as one of the critical aspects including monthly rental payments. The workshop was greatly attended and the tenants were happy to have participated.



At Dobsonville attending the tenant training

9.1.6 COMMUNICATION PRODUCTS

JOSHCO's Corporate publications involve managing and orchestrating all internal and external communication aimed at creating favourable relationships with stakeholders on common goals to enhance the organisation's ability to sustain its operations.



Snippets of material developed

9.2 MEDIA LIAISON AND MONITORING

The media coverage pertained to the refurbishment of the Union Square building. Furthermore, Gauteng Business reported that the JOSHCO planned to provide affordable rental accommodation in 12 inner-city buildings that were identified for that purpose. This coverage was assigned a positive sentiment and contributed 13% towards the overall coverage received for the entity during the period.

Alex News reported that the CoJ responded to complaints regarding claims by residents that the City failed to consult them over housing developments at the Rotary Sports Grounds in Alexandra next to KwaMadala Hostel. Acting Executive Director of Housing, Patrick Phophi, denied these claims and stated that the CoJ's Department of Housing appointed JOSHCO to build units within the Alexandra Ext 26. This was an area that was used by the Rotary sports facility through Section 76 of the Municipal Systems Act. He added that the project formed part of the Emergency Housing Programme that was contained in the National Housing Code of 2009.

Additionally, it was reported that the CoJ and JOSHCO opened applications for subcontractors on the sewer upgrade project in Ward 84. Roodepoort Record noted that only small, medium, and micro enterprises (SMMEs) whose members lived in Ward 84 were invited to apply for the projects. Further coverage included a mere mention of JOSHCO that did not directly impact the reputation of the entity. This coverage was assigned a neutral sentiment.

The remaining coverage pertained to reports that residents who were displaced due to a fire in the Kasern building in the Johannesburg Central Business District (CBD) would be relocated. Clr Mlungisi Mabaso, member of the mayoral committee for housing, stated that he instructed JOSHCO to “appoint a professional engineering team to do a proper assessment on the structure and urgently start re-blocking the informal settlement”.

SECTION 10: HEALTH AND SAFETY

Table 39: JOSHCO staff Incidents statistics (COVID -19 Cases) – Between March 2020 to date

Total COVID-19 positive cases	Total recoveries	Total not yet recovered	Total fatalities	Total direct contacts sent for testing
40	40	00	00	118

10.1 Maintenance Contractor Management (Safety File)

Inspections and Maintenance

Following the firefighting inspection audit, 18 Sites were serviced, and 9 sites extinguishers are yet to be serviced. Head Office service certificate will only be issued when all construction is done.

Fire incident reported

On the 30 November 2020 structural fire incident reported for Turffontein unit M208. The City of Joburg EMS issued call Ref no. F 0007, Hose reels and DCP extinguishers were used to extinguish the fire.

10.2 Health and Safety training updates

- Health and Safety Induction presented to the newly appointed staff member;
- Health and Safety appointment letters were developed for Safety Representatives, Fire Marshalls and First Aiders. Health and Safety appointment letters coupled by competency certificates will be issued once signed by 16.2; and
- Health and Safety Committee meeting held 26 November 2020. There were concerns raised about the lack of adequate PPE for employees working at the JOSHCO sites.

Table 40: COVID-19 Management Update as at 31 December 2020.

COVID -19 IMPLIMENTATION				
MEASURES	DESCRIPTIONS	IN PLACE	NOT IN PLACE	COMMENTS
1. Hazard identification	<ul style="list-style-type: none"> Risk assessments 	✓		Done for all properties.
2. Access control	<ul style="list-style-type: none"> Suspend the use of biometric system 	✓		Done.
	<ul style="list-style-type: none"> Screening of workers conducted at the entry point 	✓		Done.
3. Training	<ul style="list-style-type: none"> Induction 	✓		Done.
	<ul style="list-style-type: none"> Security officer COVID -19 training 	✓		Done.
	<ul style="list-style-type: none"> Health and Safety Reps (32) 	✓		Done.
	<ul style="list-style-type: none"> First Aiders (29) 	✓		Done.
	<ul style="list-style-type: none"> Fire Marshalls (31) 	✓		Done.
4. Fire, Equipment (Inspections & Maintenance)	<ul style="list-style-type: none"> 18 Sites serviced & 9 Sites extinguisher service was due for end October, now service in progress 	✓	✓	Done (18 Sites) In Progress (09 Sites).
5. Engineering controls	<ul style="list-style-type: none"> Ventilation 	✓		Aircon's for the head office building have been serviced. The building has enough ventilation.
	<ul style="list-style-type: none"> Physical barriers & Demarcation (Tapes installed at the JOSHCO Sites) 	✓		Marking and demarcation tapes installed at the JOSHCO Site offices.
	<ul style="list-style-type: none"> Adaptation of workstation to maintain social distancing 	✓		Social distancing demarcation measures has been implemented in the offices; most employees are working staggered. hours, others working from home.
6. Administrative control	<ul style="list-style-type: none"> Minimizing contact 	✓		Communication is through social media and internal email to minimize direct contact.
	<ul style="list-style-type: none"> Comorbidity forms issued to the high-risk employees to complete and send to line management 	✓		-
	<ul style="list-style-type: none"> Rotation and shift work 	✓		Staff members working in rotation and shift system.
	<ul style="list-style-type: none"> Work-at-home strategies 	✓		All key employees have been provided with electronic and communication devices to enable working from home.
	<ul style="list-style-type: none"> Communication and information strategies 	✓		Information is dispatched periodically from a central point in the communications office.
	<ul style="list-style-type: none"> Reporting of incidents for regulatory purposes 	✓		Registers are kept on site for when reporting is needed.
7. Hygiene and safe practices	<ul style="list-style-type: none"> Cleaning and disinfectants 	✓		The Head office cleaners rotate to clean the surfaces more frequently than normal.
	<ul style="list-style-type: none"> Sanitization 	✓		

COVID -19 IMPLIMENTATION				
	• Hand washing and the use of hand sanitizers	✓		These were provided for all employees and each property was provided for their use.
	• Personal hygiene	✓		Constant communication sent out as reminders of the required personal hygiene measures.
8. PPE	• Cloth Masks	✓		-
	• Gloves	✓		-
9. Provision of safe transport for employees	• Personal hygiene	✓		Communication promoting personal hygiene sent to staff periodically. Hand sanitizers issued to all employees.
	• Social distancing	✓		Meetings are kept to a bare minimum and VC is used.
	• Arrangements to minimise exposure associated with commuting	✓		Head office cleaners are being transported to and from the office. All other employees are encouraged to work from home.

10.3 SITE VISITS

The following sites were visited for health and safety checks:

- Botlhabela;
- Diamond;
- Hoek Street;
- Textile House;
- Chelsea;
- Raschers;
- AA House; and
- Europa.



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

An analysis of the financial position as at 31 December 2020 is reflected below and in Table 41.

Table 41: Statement of Financial Position for the Quarter ended 31 December 2020

Description	31 December 2020 R'000	30 September 2020 R'000	Variance R'000	Variance %
Assets				
Current Assets				
Inventories	806	626	180	29%
Loans to shareholders	5,958	5,958	-	0%
Current tax receivable	50	50	-	100%
Receivables from exchange transactions	509,379	296,719	212,660	72%
VAT receivable	1,482	1,178	305	26%
Cash and cash equivalents	169,171	167,539	1,632	1%
	686,847	472,071	214,775	45%
Non-current assets				
Property, plant and equipment	5,908	6,142	(234)	-4%
Intangible assets	457	431	26	6%
Investment in joint venture	23,762	23,762	(0)	0%
Deferred tax	25,449	25,449	-	0%
Total Non-current assets	55,575	56,448	(872)	-2%
Total Assets	742,421	528,518	213,903	40%
Liabilities				
Current Liabilities				
Loans to shareholder	251,801	44,739	207,062	436%
Borrowings - DBSA	2,131	2,142	(11)	-1%
Finance lease obligation	498	498	-	0%
Payables from exchange transactions	600,767	561,810	38,957	7%
	855,197	609,189	246,006	40%
Non-Current Liabilities				
Borrowings - DBSA	10,064	10,069	(5)	0%
Finance lease obligation	491	525	(34)	-7%
Deferred Income from non-exchange transactions	178	178	-	0%
	10,733	10,773	(40)	0%
Total Liabilities	865,930	619,962	245,968	40%
Net Assets	(123,509)	(91,443)	(32,066)	35%
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(123,509)	(117,766)	(5,743)	5%
Total Net Assets	(123,508)	(117,766)	(5,743)	-100%

1.1 Assets

Current assets have increased by R214.7 million (from R472.1 million to R686.8 million). The significant change is a 72% increase in receivables from exchange transactions as a result of projects executed on behalf of the Department of Housing (Housing) as well as an increase in tenant debtors. Our cash has also been depleted due to settlement of invoices prior to receipts from Housing and Corporate Asset Management (CAM)* We continue to engage with Housing to assist in shortening the period it takes to get payment. There has been no material change in the composition of non-current assets.

** CAM is the City of Johannesburg department which pays out our capital expenditure allocation claims*

1.2 Liabilities

Included in current liabilities is the current portion of the long-term loan from the DBSA. Current liabilities increased by 40% as a result of an overdraft of R251.8 million incurred due to a delay in settlement of invoices for CoJ Housing and CAM.

SECTION 2: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 31 December 2020 is R169 million. The tenant deposit account has a balance of R15.5 million. The SHRA account has a balance of R153.6 million.

SECTION 3: CAPITAL PROJECTS AND EXPENDITURE

The organisation has been allocated a budget of R378 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.
- ii. The Inner-City re-generation programme; and
- iii. Special projects programme.

As at 31 December 2020 JOSHCO's verified spent was 37% against a target of 50% per the table below.

Table 42: Capex Spend

PROGRAMME	BUDGET ALLOCATION R'000	SPEND TO DATE R'000	BALANCE R'000	% PERFORMANCE AGAINST SPEND
Greenfields - Economic Hubs	118,442	20,396	98,046	17%
Greenfields - Turnkey developments	149,950	78,539	71,411	52%
Inner City	85,550	39,500	46,050	46%
Special Projects Programme	24,058	-	24,058	0%
TOTAL	378,000	138,435	239,565	37%

SECTION 4: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES

Table 43: Statement of financial performance for the quarter ended 31 December 2020

Description	Actual	Budget	Variance	Variance %
	R'000	R'000	R'000	
Rentals Received	83,827	84,434	(607)	-1%
Subsidies	9,950	9,950	(0)	0%
Management Fees	29,810	6,415	23,395	365%
Interest Received	3,479	5,183	(1,704)	-33%
Utilities	443	354	90	25%
Other Income	546	1,207	(661)	-55%
Dividend received	1,100			100%
Share of surplus from joint venture	-	-	-	0%
Total Revenue	129,155	107,541	20,514	19%
Governance and Staff Costs	(69,585)	(51,029)	(18,556)	36%
Other Project Related Costs	(31,044)	(7,106)	(23,938)	337%
Depreciation and Amortisation	(604)	(715)	111	-15%
Finance Costs	(558)	(768)	210	-27%
Repairs and Maintenance	(13,836)	(27,779)	13,943	-50%
Cleaning and Gardening	(714)	(2,040)	1,327	-65%
Security	(8,070)	(2,207)	(5,863)	266%
Administrative	(26,404)	(15,897)	(10,507)	66%
Total Expenditure	(150,815)	(107,541)	(43,274)	40%
Operating (Deficit)/Surplus before tax	(21,661)	-	(21,661)	-100%
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(21,661)	-	(21,661)	-100%

4.1 Revenue

The following table shows how the entity's revenue was made up for the quarter ended 31 December 2020:

Table 44: Composition of revenue

Revenue	Actual	Budget	Weighting %
	R'000	R'000	
Rentals Received	83,827	84,434	65%
Subsidies	9,950	9,950	8%
Management Fees	29,810	6,415	23%
Interest Received	3,479	5,183	3%
Utilities	443	354	0.3%
Other Income	546	1,207	0%
Dividend received	1,100	-	1%
Total Revenue	129,155	107,541	100%

JOSHCO's rental facilities contributed 65% towards total revenue. Total revenue is 19% (R20.5 million) above budget. The main reason is due to a 365% increase in management fees claimed from COJ Housing and Department of Health projects. Rentals received are 1% lower than anticipated due to a lower than anticipated occupancy rate for some of our projects year to date. JOSHCO has collected 60% of current rentals against a collection target for the 2020/21 financial year of 85% as at 31 December 2020.

A debt collecting company appointed in August 2020 contributed positively to the collection of outstanding debt over 90 days by collecting R114 000 in September, R1.14 million in October and R757 000 in November 2020. The offering of the 25%-30% Settlement Discount Vouchers and 50% Black Friday Special resulted in collection amounting to R185 000 and R189 000 respectively. Further settlement discounts will be implemented.

Table 45: Revenue Collection

PORTFOLIO	% COLLECTION	REASONS FOR UNDER PERFORMANCE
Brownfields	72%	Covid-19 payment holiday, job & income losses
Greenfields	51%	Covid-19 payment holiday, job & income losses
Former Hostels	92%	Beds not replaced once tenant move out, remaining tenants on salary deductions
City Referral Stock	1%	Demand for ownership on the rise, claims to have stopped paying rent after 4 years & take ownership
Retail Space	74%	Have not been trading due to lockdown, requested 40% rent cut for the period of lockdown
OVERALL COLLECTION	60%	

4.2 Expenditure

Analysis of significant variances between actual and budget:

g) Governance and Staff costs

- 36% above budget (R18 million) due to a higher wage bill than budgeted as a result of insourced security guards not fully budgeted due to constraints on the budget. Additional funding has been requested in the budget adjustment.

h) Other project related costs

- 337% above budget (R23.9 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 60% which is still significantly influenced by the national lockdown.

i) Repairs and maintenance

- 50% below budget (R13.9 million) due to a slow implementation of the maintenance programme for the quarter under review.

j) Cleaning and Gardening

- 65% below budget (R1.3 million) due to a delay in finalising the tender for garden tools where budget was allocated for the operational costs of the tools from this quarter. In the budget adjustment, funds have been directed where there is a shortage of budget.

k) Security

- 266% over budget (R5.8 Million) due to the need for additional security not covered by insourcing. An adjustment has been put through in the mid-year adjustment budget request.

l) Administrative

- 66% over budget (R10.5 Million) due to inadequate budget being available to allocate to municipal charges due to constraints on the budget. A tender for a prepaid vending solution is in the specification stage to assist with recouping of utilities from tenants.

SECTION 5: SUPPLY CHAIN MANAGEMENT AND BLACK ECONOMIC EMPOWERMENT

5.1 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 Housing.

TABLE 46: Expenditure by sourcing process (Nature):

a) Total Expenditure		
Nature of expenditure	Quarter 2 R'000	% of total expenditure
Capital Expenditure	225 377	87%
Operational Expenditure	33 534	13%
Total Expenditure	258 911	100%

b) Capital Expenditure		
Nature of expenditure	Quarter 2 R'000	% of Capex expenditure
Professional Consultants	23 258	10%
Contractor Payments	202 119	90%
Total Expenditure	225 377	100%

c) Operational Expenditure		
Nature of expenditure	Quarter 2 R'000	% Spend
Procurement <R200 000	831	3%
Cleaning and Gardening	0	0%
Directors Remuneration-Board and Comm	790	3%
Operational Expenditure	2 954	8%
Security Services – Housing Management	8 412	25%
Security Services – Housing Development	546	1%
Repairs and Maintenance	20 001	60%
Total	33 534	100%

5.2 DEVIATIONS ON SCM

The table below details approved deviations in the period under review:

Table 47: Approved deviations for the quarter

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

5.3 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

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

Table 48: Approved variation orders for the quarter

Name of Tender	User Depart ment	Reason	Supplier name	Approval Date	Original PO Amount	Variation Amount	Variati on %
FH 001 2016	HOUSING DEVELOP MENT	The Contractor finished his work but could not hand-over the project since there was no power. It was the Client's responsibility to ensure that City Power installs the transfer on the project to allow the contractor to fully finish his work and commission new installations such as electricity and lifts but without power this could not happen. Extension of time was granted to the Contractor	MOTHEO CONSTRUCTION GROUP	01 Dec 2020	R 37 154 969.43	R 1 575 000.00	13,4%

5.4 ACHIEVEMENT ON BBBEE

JOSHCO promotes black economic empowerment by spending on at least 51% black owned companies as detailed in Table 49 below.

Table 49: Summary of spent to at least 51% black owned companies:

Period	Total OPEX from procurement activities R'000	OPEX to at least 51% black owned companies R'000	% Spend for the period
Quarter 2	33 534	30 896	92%
Period	Total CAPEX from procurement activities R'000	CAPEX to at least 51% black owned companies R'000	% Spend for the period
Quarter 2	225 377	165 549	73%

5.5 REPORT IN IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There were no instances of irregular, fruitless and wasteful expenditure for the quarter under review.

SECTION 6: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Table 50: Government departments' accounts

Name of department	Amounts owed/(owing) R'000	Account status
City of Johannesburg: Sweeping account	(263,833.11)	90 days overdue
City of Johannesburg: Treasury	5,958.00	180 days overdue
City of Johannesburg: Housing	419,721.47	90 days overdue
City of Johannesburg: CAM	46,006.25	60 days overdue
Gauteng Department of Human Settlements	15,969.76	180 days overdue
City of Johannesburg: Health	132.83	Current
Total	223,955.20	

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: SUMMARY OF AUDIT FINDINGS RESOLUTION STATUS REPORT

JOSCHO obtained an unqualified audit opinion with material findings for the year ended June 2019. However, throughout the year, the number of Internal Audit findings remained high as results of not having Internal Audit Service for the better half of 2019/20 financial year. In May 2020, Internal Audit Service was established inhouse, and one of its duties was to verify the status of AG and Internal Audit findings raised in the previous years.

SECTION 4: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

As of 30 June 2020, the total number of internal audit findings were 52, of which 33 (63%) were resolved. The total number of internal audit findings still not resolved amount to 19 (37%).

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

Departments	Total Findings	Findings resolved	Findings not resolved
Finance	17	10	7
Planning and Strategy	18	9	9
Housing Management	6	6	0
Human Capital Management	5	5	0
CEO's Office	3	1	2
COSEC	1	0	1
Housing Development	2	2	0
Total	52	33	19

Departments	Total Findings	Findings resolved	Findings not resolved
Percentage (%)	100%	63%	37%

SECTION 5: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISE BETWEEN FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION)

The AGSA Management Letter had a total of 28 audit findings which were made up of 16 Matters affecting the auditor's opinion, 7 Other important matters and 5 Administrative matters. As of 31 December 2020, the status of AG findings is as follows:

Table 52: Audit findings raised by Auditor General as at 31 December 2020.

AG Classification	Total Findings	Finding Resolved	Finding Not Resolved	Year-End Procedures
Matters affecting the auditor's opinion	16	13	3	0
Other important matters	7	7	0	0
Administrative matters	5	5	0	0
Total	28	25	3	
%	100%	89%	11%	0%

SECTION 6: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS)

In the second quarter of 2020/2021 financial year, Internal Audit completed three (3) full audits and two (2) continuous audits. Based on the findings raised in these audits, Internal Audit concluded that the organisations' controls are **Inadequate and Ineffective**. Management should ensure that controls are adequately designed and monitored to provide reasonable assurance that set objective will be achieved.

