

“WE
DELIVER
AFFORDABLE
AND SUSTAINABLE
SOCIAL HOUSING
IN JOBURG”



JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

MID-TERM PERFORMANCE REPORT FOR THE 2022/2023 FINANCIAL YEAR

(In terms of Section 121 of the Municipal Finance Management Act 56 of 2003 and Section 46 of the Municipal Systems Act 32 of 2000)

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

Registration number	:	2003/008063/07
Registered Address	:	61 Juta Street Braamfontein
Street Address	:	61 Juta Street Braamfontein
Telephone number	:	(011) 406-7300
Fax number	:	086 240 6691
Website	:	www.JOSHCO.co.za
E-mail	:	info@JOSHCO.co.za
Bankers	:	Standard Bank of SA Limited
Auditors	:	Auditor-General

Vision

To become the best provider of quality, affordable Social Housing designed to global standards.

Mandate

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><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>07-02-2023</u></p>
<p><u>Molepe Siso Mkhizana</u></p> <p>Name & Surname Chief Executive Officer</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>07-02-2023</u></p>
<p><u>Gaby Bockamp</u></p> <p>Name & Surname Chairperson of the Board</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>07-02-2023</u></p>
<p><u>ANTHEA LEITCH</u></p> <p>Name & Surname Member of Mayoral Committee</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>17-02-2023</u></p>

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ABBREVIATIONS

ABT	Alternative Building Technology
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AIDS	Acquired Immunodeficiency Syndrome
ARC	Audit & Risk Committee
BAC	BID Adjudication Committee
BBBEE	Broad-Based Black Economic Empowerment
BCP	Business Continuity Process
BEC	Bid Evaluation Committee
BIP	Business Process Improvement Programme
BMI	Body Mass Index
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CETA	Construction Education and Training Authority
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
COJ EMS	City of Joburg Emergency Management Service
COJ	City of Johannesburg
COO	Chief Operating Officer
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of Southern Africa
DOI	Declaration of Interest
EE	Employment Equity
EIA	Environmental Impact Assessment
EM	Executive Management
EMS	Emergency Management Service
EPWP	Expanded Public Works Programme
EUC	End User Computing
GBV	Gender-based Violence
GFIS	Group Forensic and Investigation Services Unit
GRAS	Group Risk and Assurance Services
HDI	Historically Disadvantaged Individual
HIV	Human Immunodeficiency Virus
ICT	Information and Communication Technology
IOD	Injury on Duty
ISP	Internet Service Provider
IT	Information Technology
ITDR	Information Technology Disaster Recovery
JDA	Johannesburg Development Agency
JMPD	Johannesburg Metropolitan Police Department
JOSHCO	Johannesburg Social Housing Company SOC Ltd
JRA	Johannesburg Roads Agency

KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MOE	Municipal Owned Entity
MOI	Memorandum of Incorporation
MPG	Multiparty Government
MTC	Metro Trading Company
NBA	National Building Act
NEMA	National Environmental Management Act
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation
OC	Occupation Certificate
OHS	Occupational Health and Safety
OPEX	Operational Expenditure
OTP	One Time Pin
PC	Practical Completion
PO	Purchase Order
POPIA	Protection of Personal Information Act
RPO	Recovery Point Objectives
RTO	Recovery Time Objectives
SD	Skills Development
SDA	Service Delivery Agreement
SHI	Social Housing Institute
SHRA	Social Housing Regulatory Authority
SLA	Service Level Agreement
SLS	Service-level Standards
SMME	Small, Medium and Micro Enterprise
SPLUMA	Spatial Planning and Land Use Management Act
TB	Tuberculosis
TBC	To Be Confirmed
TIA	Traffic Impact Assessment
UIFW	Unauthorised, Irregular, Fruitless and Wasteful
VIIA	Voice It In Action
WIP	Work in Progress

SECTION 1: CHAIRPERSON'S FOREWORD

JOSHCO remains committed to fulfilling its core mandate and objectives. These objectives are to develop and manage affordable social housing units, refurbish and rehabilitate inner-city buildings, upgrade and manage Council-owned rental housing properties (including hostels), provide student accommodation and to ensure tenant satisfaction through the provision of exceptional service, ensuring that buildings are clean, safe, well-kept and operate efficiently.

The Board has noted the overall performance of the second quarter. In the quarter under review, 24 targets were due for reporting with 16 targets being achieved. This result translates to 67% performance recorded in the quarter. The entity has made great strides in improving performance which was very low previously.

Rental collection continues to be a challenge for the entity, with a collection rate of 54% for current tenant rentals against a collection target of 80% for the current financial year. This is attributable to a number of factors, including but not limited to a sluggish economy, as well as high unemployment rates experienced throughout South Africa since the aftermath of Covid-19 pandemic. It is further due to tenants forming groups demanding ownership of units and encouraging rental boycotts. High utility bills and maintenance costs also continue to have an adverse effect on the entity's financial position. Meters are being installed in the inner-City buildings to help improve the entity's financial position. JOSHCO has engaged the services of debt collection companies to collect all debt which is above 60 days overdue. Various settlement discount voucher initiatives will continue to be implemented in an effort to encourage tenants to settle long outstanding debt. The entity has also put in place other measures aimed at increasing revenue generating/income streams. We currently have a fully accredited student accommodation and this will increase revenue for the entity.

The following are highlights from the quarter:

- Implementation of the Board's strategy to improve organisational culture and ethos.
- The entity has managed to work on the Business Continuity Management System aligning it with ISO Standard 22301. To date, the Business Impact Analysis report, Business Continuity policy and Business Continuity Plan were developed and the disaster recovery system has been fully developed.
- The entity has managed to establish an in house data centre and all ICT systems have been set up and are fully operational.

- The Board and Management undertook a oversight visit to Riverside Project, Lufhareng, Roodepoort Lagae, 50 Durban street which have reached completion.

I would like to thank all the Board members for their commitment and a sterling job done in turning JOSHCO around. A heartfelt thank you, on behalf of the Board, to the CEO and his team for continuing to serve with distinction. Thank you also to the rest of the staff members, without whom, JOSHCO would not exist. The Board wishes to thank the Shareholder and all Stakeholders.

Ms Gaby Boikanyo

Chairperson: JOSHCO Board of Directors

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present a report on the mid-year performance of the Johannesburg Social Housing Company (SOC) Ltd (JOSHCO). I would like to begin by extending my appreciation to the entire JOSHCO team for putting in the efforts needed to ensure that the entity does not regress from its performance when compared with the previous quarter. JOSHCO is an entity that was established to develop and manage social housing and affordable rental units as accredited by the Social Housing Regulatory Authority (SHRA) and I intend to ensure delivery on this mandate to the best of my ability.

A pipeline of capital projects has been developed with a readiness matrix that clearly reflects the timelines of every milestone in the life cycle of a project and this provides a clear guide to what the entity is working toward in terms of additional development. The implementation process will adhere to all applicable prescripts. This will include, amongst others, adherence to the Spatial Planning and Land Use Management Act (SPLUMA), National Environmental Management Act (NEMA), National Building Act (NBA) and Water Services prescripts. The entity will ensure that the development rights are secured before development and that units are fully compliant. The project pipeline was developed in such a way that it contributes to addressing the challenges of slow implementation of the transit-oriented development and poor alignment of sustainable human settlement as outlined in the National Treasury circular 88.

The entity upholds the customer-centric value, in line with the City's priority of being a caring city. The entity continued with vigorous tenant-engagement sessions intended to, amongst other aims, strengthen the landlord-tenant relationship while adhering to the provision of the Rental Act. The entity gives tenants a platform for raising their issues while educating them about the responsibilities of both parties and further providing information regarding the different programmes that tenants who no longer qualify for rental can be linked to. This strategy has proved to be effective as the entity has witnessed reduced uprising in the tenanted property and has noted a slight improvement in rental collection in some properties.

In terms of performance, I am pleased to report that the entity has recorded a 67% performance against the targets, which is a good symbol of resilience because the key performance indicator (KPI) that regressed (payment within 30 days) was beyond the entity's control. The unavailability of funds to honour invoices for work performed on time has affected the said KPI significantly. The entity will continue to engage the City on the allocation of required funds to avoid challenges, mainly at construction sites.

Finally, I would like to continue to pledge my commitment to serve the community of Johannesburg through the execution of the JOSHCO mandate to the best of my ability. I also commit myself to supporting the Board and the MMC of Human Settlement in achieving their fiduciary duties.

Mr Molapane Mothotoana

Chief Executive Officer

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT

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

Revenue Report

The biggest contributor to revenue is rental income, which makes up 60% of total revenue. Total revenue is 4% or R6.9 million below budget, with an improvement of 8% compared to the previous quarter where revenue was 12% below budget. The biggest contributor to revenue being below budget is a decline in management fees by 34%, which was caused by the reduction of projects executed on behalf of the Department of Human Settlements. There is an increase in interest income of 66% owing to the increase in uncollectable tenant debtors. Other income is 65% below budget owing to lower-than-anticipated tender sales.

The entity's collection levels continue to decrease; we have collected 54% of current tenant rentals against a collection target of 80% for the current financial year. Collections in respect of SHRA-funded projects are at 53%.

The company currently uses the services of five debt-collecting companies to collect debt over 90 days and above R10 000. The performance of the appointed debt-collection companies is shown in Table 39. For the year to date, the companies have collected R3.4 million (1.66%) of the R231 million handed over to them for collection. The debt-collection companies appointed are proceeding with the collection of all debt of above 60 days. The entity is also continuing with internal collection processes. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long-outstanding debt.

The reasons for the continued low rental collection are rent boycott campaigns from organised tenant groups that are demanding ownership, child-headed households, unemployed tenants and pensioners.

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 December 2022 resulted in a deficit of R133 million. The deficit is the result of the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget. The reasons and mitigations are addressed in Chapter 5 of this report.

Capital Expenditure (CAPEX)

The organisation has an allocated capital budget of R498.8 million funded from City of Johannesburg (COJ) loans and cash reserves. We are still implementing the following programmes:

- i. Greenfields projects; and
- ii. The Inner-City re-generation programme.

As at 31 December 2022, JOSHCO's verified spend for the quarter under review is 50% against a target of 50%.

Ms Nontobeko Ndimande
Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



Figure 1: Photograph of the Turffontein Social Project in the Inner-City

The Johannesburg Social Housing Company (SOC) Ltd (JOSHCO) was established in November 2003 as one of the entities of the City of Johannesburg (COJ) municipality. 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 COJ housing backlog. JOSHCO is a registered Social Housing institution and is accredited by the SHRA. The core business of JOSHCO includes the development of social rental housing; the refurbishment, upgrading and management of Council-owned rental housing properties (including hostels); housing management and the refurbishment, conversion and management of Inner-City buildings as Social Housing units. As a municipal-owned entity, JOSHCO is required to comply with all relevant legislation (such as the Municipal Finance Management Act (MFMA); Municipal Systems Act and the Companies Act). The policies and strategy of JOSHCO are strongly influenced by the vision of the COJ as outlined in its long-term plans.

SECTION 5: STRATEGIC OBJECTIVES

- 1.1 To become a financially sustainable entity
- 1.2 To contribute towards economic development through SMME support and job creation
- 1.3 To develop social housing projects within transport corridors, the Inner-City and Greenfields (including suburbs and economic hubs)
- 1.4 To become a customer-centric company
- 1.5 To strengthen governance and compliance
- 1.6 To maintain a quality and safe living environment for all JOSHCO tenants

SECTION 6: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

JOSHCO, through its Social, Ethics & Human Resource Committee, addresses issues related 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 committees, and the Audit & Risk Committee to declare any interest and sign a register to that effect. Should a conflict of interest exist, the director or executive manager concerned is recused from the proceedings. Furthermore, employees are requested to sign a declaration of interest (DOI) on an annual basis to ensure issues of conflict of interest are addressed accordingly. Ninety-four per cent of JOSHCO staff completed their DOI in the first half of the financial year.

SECTION 7: SUSTAINABILITY REPORT

The Social, Ethics & Human Resource Committee of the Board plays an oversight role over the social, ethics and human resource matters of the organisation 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 low-income households a range of quality housing products and services 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 by the Group Forensic and Investigation Services (GFIS) Unit without fail. Stakeholder management is an essential part of providing uninterrupted service delivery as a feature of JOSHCO's customer-centric focus. It is imperative that JOSHCO remains at the helm of stakeholder relationships as part of its strategy to build partnered relationships. The quarter under review has seen

JOSHCO's vigorous tenant-engagement drive continuing at tenanted properties, where the CEO sought first-hand experience in tenant issues while providing education about parties' responsibilities.

Furthermore, the entity is committed to the objective of transforming the South African economy through equal opportunities for all and the advancement of Historically Disadvantaged Individuals (HDIs) and Small, Medium and Micro Enterprises (SMMEs). This objective is achieved by allowing the subcontracting of SMMEs during construction and their involvement in the upkeep of the projects once tenanted. In the second quarter, 30.4% against a target of 30% of construction CAPEX was spent on SMMEs.

JOSHCO also contributes to ensuring that the City achieves its Expanded Public Works Programme (EPWP), which is undertaken to reduce unemployment and facilitate the socio-economic development of the citizens of Johannesburg. To date, JOSHCO has created 410 job opportunities from various projects through its EPWP programme. Of the 410 jobs, 172 were created in the second quarter.

SECTION 1: BOARD OF DIRECTORS

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

The Shareholder retains the prerogative to appoint boards of all City entities through a resolution of the Annual General Meeting (AGM). The Board of Directors of JOSHCO is presided over by a Non-Executive Director (Chairperson), Ms Gaby Boikanyo, who was appointed by a resolution of the AGM, which was held on 15 February 2022. Together with Ms Boikanyo, eight non-executive directors and three Independent Audit Committee members (Audit & Risk Committee – ARC) were also appointed. Table 1 below lists the nine non-executive directors, two executive directors and three Independent Audit Committee members.

Table 1: Board Composition as at 31 December 2022

Member(s)	Capacity	Gender	Status	Qualifications
Ms Gaby Boikanyo (Board Chairperson)	Non-Executive Director	F	Active	BSc Computer Science; ND Analytical Chemistry IoDSA Being a Director Part 1-4 IoDSA Financial Insights for Non-Financial Directors

Member(s)	Capacity	Gender	Status	Qualifications
Mr Theodore Dhlamini	Non-Executive Director	M	Active	<p>National Certificate Vocational (N4) in the following disciplines: Certificate in Engineering and Hand Skills, Certificate in Leadership Training, Certificate in Project Management, Certificate in Group Control and Certificate in Computer Literacy</p> <p>Post-graduate Diploma in Management (NQF Level 8), specialising in: General Management, Marketing Management, Economics, Financial Management Operations, Operations and Innovations Management and Business Research</p>
Mr Jason Sobekwa	Non-Executive Director	M	Active	<p>Bachelor of Accounting Science Postgraduate Diploma in Financial Management</p>
Mr Moerane Maimane	Non-Executive Director	M	Active	<p>Chartered Director Diploma in Public Administration Bachelor of Public Administration Master of Business Administration</p>
Mr Xolani Dlwathi	Non-Executive Director	M	Active	<p>Diploma in Theology Bachelor of Theology Master of Theology Certificate for Leadership</p>
*Mr Themba Mamba	Non-Executive Director	M	Resigned on 08 December 2022	<p>Higher Certificate in Criminal Justice, Grade A+ Armed Response – PSIRA Certificate in Security Officer's Training</p>
Dr Kentse Sesele	Non-Executive Director	F	Active	<p>PhD (2020) Master of Town and Regional Planning (1994) B Social Science (1987) (Hon) Local Economic Development (2009) and Programme Management. Certificates: Executive Development Programme (1996) Diploma Advanced Business Programme (1996) Environmental Impact Assessment (1994)</p>

Member(s)	Capacity	Gender	Status	Qualifications
Mr Karabo Modipane	Non-Executive Director	M	Active	MBA Candidate, BSc Computer Science, Honours Computer Science, RE1 – Key Individual in All FSPs, Certified Information Systems Auditor (CISA), GIBS Leadership Development Programme (Cum Laude), National Certificate in Real Estate, Certified Executive Managing Agent
Mr Sumesh Varghese	Non-Executive Director	M	Active	BEng (Electronics & Communications) Visvesvaraya Technological University NQF Level 8 – SAQA Verified
Mr Molapane Mothotoana	Executive Director (CEO)	M	Active	ND Municipal Administration, BTech Public Management, MTech Public Management
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Active	CA (SA)
Independent Audit Members				
Mr Lesetsa Matshekg	Independent Audit Committee Member	M	Active	MBA, BCom Honours Finance, BCom Economics
Mr Moshupi Mokgobinyane	Independent Audit Committee Member	M	Active	Master's Degree in Accounting Science, BCom Accounting, BCom Honours Accounting
Mr Ernest Khosa	Independent Audit Committee Member	M	Active	Higher Diploma in Company Law, BA, BA Honours, Master of Science and LLB

Note: Mr Themba Mamba resigned as a director of the JOSHCO Board effective from 09 December 2022.

1.1 DUTIES OF THE BOARD AND COMMITTEES

1.1.1 Board Responsibilities

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

- Acting as the focal point for and custodian of corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company according to sound corporate governance principles
- Appreciating that strategy, risk, performance and sustainability are inseparable and to give effect to understanding by:
 - Contributing to and approving the strategy

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

1.1.2 Responsibilities of the Board Committees

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

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

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

1.1.2.1 Audit & Risk Committee

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

The Committee consists of the following members:

Audit & Risk Committee from 11 March 2022

Mr J. Sobekwa	Non-Executive Director (Chairperson)
Mr E. Khosa	Independent Audit Committee Member
Mr L. Matshekga	Independent Audit Committee Member
Mr M. Mokgobinyane	Independent Audit Committee Member

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

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

- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- Expressing a formal opinion on the effectiveness of the system and process of risk management; and
- Reviewing reporting concerning risk management that is to be included in the integrated report to ensure that it is timely, comprehensive and relevant.

1.1.2.2 Social, Ethics & Human Resource Committee

The Committee consists of the following members:

Social, Ethics & Human Resource Committee from 11 March 2022

Dr K. Sesele	Non-Executive Director (Chairperson)
Mr M. Maimane	Non-Executive Director
Mr X. Dlathathi	Non-Executive Director
Mr T. Mamba	Non-Executive Director

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

- Reviewing reporting concerning risk management that is to be included in the integrated report to ensure that it is timely, comprehensive and relevant;
- Overseeing 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;
- Considering the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives, in determining remuneration;
- Selecting an appropriate comparative source when comparing remuneration levels;
- Advising on the remuneration of non-executive directors;
- Creating management development and succession plans for executive levels;
- Making recommendations to the Board where necessary or taking approved action within its delegated authority regarding social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, and making

recommendations regarding corruption, the Employment Equity Act and Broad-Based Black Economic Empowerment (BBBEE);

- Promoting good corporate citizenship, including the promotion of equality and the contribution to the development of communities;
- Promoting environment, health and public safety;
- Considering consumer relationships;
- Dealing with issues related to labour and employment;
- Drawing matters to the attention of the Board as required; and
- Reporting to the Shareholder at the AGM on matters within its mandate.

1.1.2.3 Development Committee

The Committee consists of the following members:

Development Committee from 11 March 2022

Mr T. Dhlamini	Non-Executive Director (Chairperson)
Mr K. Modipane	Non-Executive Director
Mr S. Varghese	Non-Executive Director
Mr X. Dlwathi	Non-Executive Director

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

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

1.2 BOARD AND COMMITTEE MEETING ATTENDANCE

The Board held four meetings between July 2022 and December 2022 (Ordinary Meeting – 14 July 2022; Special Board Meeting – 30 August 2022; Ordinary Board Meeting – 27 October 2022; and Special Board Meeting – 30 November 2022). Two ordinary Development Committee meetings were held (07 July 2022 and 03 October 2022). Two ordinary Social, Ethics & Human Resource Committee meetings were held (07 July 2022 and 03 October 2022) and four Audit & Risk Committee meetings (Ordinary ARC Meeting – 08 July 2022; Special ARC Meeting – 25 August 2022; Ordinary ARC Meeting – 24 October 2022; and

Special ARC Meeting – 28 November 2022). Table 2 below provides details of the attendance of members at the various meetings.

Table 2: Board Meeting Attendance as at 31 December 2022

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	4		
Ms Gaby Boikanyo	4	0	0
Mr Jason Sobekwa	4	0	0
Dr Kentse Sesele	4	0	0
Mr Theodore Dhlamini	4	0	0
Mr Xolani Dlwathi	4	0	0
Mr Karabo Modipane	4	0	0
Mr Sumesh Varghese	4	0	0
Mr Moerane Maimane	4	0	0
Mr Themba Mamba	4	0	0
Mr Molapane Sello Mothotoana (CEO)	4	0	0
Ms Nontobeko Ndimande (CFO)	4	0	0

Table 3: Board Committees' Meeting Attendance as at 31 December 2022

Board of Directors and Independent Committee Members	Audit & Risk			Development			Social & Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	4			2			2		
Mr Molapane Sello Mothotoana (CEO)	4	0	0	2	0	0	2	0	0
Ms Nontobeko Ndimande (CFO)	4	-	-	2	0	0	2	0	0
Mr Theodore Dhlamini	-	-	-	2	0	0	-	-	-
Ms Gaby Boikanyo	-	-	-	-	-	-	-	-	-
Mr Xolani Dlwathi	-	-	-	2	0	0	2	0	0
Mr Moerane Maimane	-	-	-	-	-	-	2	0	0
Mr Jason Sobekwa	4	0	0	-	-	-	-	-	-
Mr Themba Mamba	-	-	-	-	-	-	2	0	0
Dr Kentse Sesele	-	-	-	-	-	-	2	0	0
Mr Karabo Modipane	-	-	-	2	0	0	-	-	-

Board of Directors and Independent Committee Members	Audit & Risk			Development			Social & Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Mr Sumesh Varghese	-	-	-	2	0	0	-	-	-
Mr Moshupi Mokgobinyane	3	1	0	-	-	-	-	-	-
Mr Ernest Khosa	4	0	0	-	-	-	-	-	-
Mr Lesetsa Matshekga	4	0	0	-	-	-	-	-	-

1.3 REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors and Independent Audit Committees of the 2021 financial year. Remuneration reflects cumulative figures from the beginning of the financial year to date.

Table 4: Board of Directors Remuneration as at 31 December 2022

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R44 000.00
Mr Xolani Dlwathi	Non-Executive Director	R56 000.00
Mr Moerane Maimane	Non-Executive Director	R40 000.00
Mr Themba Mamba	Non-Executive Director	R40 000.00
Ms Gaby Boikanyo	Non-Executive Director	R64 000.00
*Mr Jason Sobekwa	Non-Executive Director	R88 000.00
Dr Kentse Sesele	Non-Executive Director	R44 000.00
Mr Karabo Modipane	Non-Executive Director	R40 000.00
Mr Sumesh Varghese	Non-Executive Director	R40 000.00
Total		R456 000.00

*Fees include ARC sittings and Group Committee sittings

Table 5: Independent Audit & Risk Committee Members' Remuneration as at 31 December 2022

Name	Designation	Remuneration
Mr Moshupi Mokgobinyane	Independent Audit Member	R24 000.00
Mr Lesetsa Matshekga	Independent Audit Member	R32 000.00
Mr Ernest Khosa	Independent Audit Member	R32 000.00
Total		R88 000.00

Table 6: Executive Management (EM) Remuneration as at 31 December 2022

Name	Designation	Remuneration
Mr Molapane Mothotoana	Chief Executive Officer	R670 664.08
Ms Nontobeko Ndimande	Chief Financial Officer	R711 453.12
Ms Livhalani Nemaungani	EM: Strategy and Planning	R685 099.98
Mr Nkululeko Magubane	EM: Housing Development	R685 099.98
Ms Nokwazi Mtshali	EM: Corporate Services	R535 933.32
Mr Ronald Mutheiwana	EM: Housing Management	R685 099.98
Mr Themba Mathibe	Chief Operations Officer	R642 000.00
Total		R4 615 350.46

1.4 COMPANY SECRETARY FUNCTION

The Company Secretary has a key role to play in ensuring that Board procedures are followed and regularly reviewed. As per section 88 of the Companies Act, a company secretary's duties include, but are not restricted to:

(a) providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers; (b) making the directors aware of any law relevant to or affecting the company; (c) reporting to the company's board any failure on the part of the company or a director to comply with the Memorandum of Incorporation or rules of the company or this Act; (d) ensuring that minutes of all shareholders' meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded in accordance with this Act; (e) certifying in the company's annual financial statements whether the company has filed required returns and notices in terms of this Act, and whether all such returns and notices appear to be true, correct and up to date; (f) ensuring that a copy of the company's annual financial statements is sent, in accordance with this Act, to every person who is entitled to it.

SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

Figure 2 reflects the high-level organisational structure of the entity. JOSHCO's core business is encompassed in two departments: Housing Development, which is responsible for the construction and development of projects, and Housing Management, which is responsible for property management, tenancing and community development. The remaining departments provide support functions such as finance, legal, planning and corporate services.

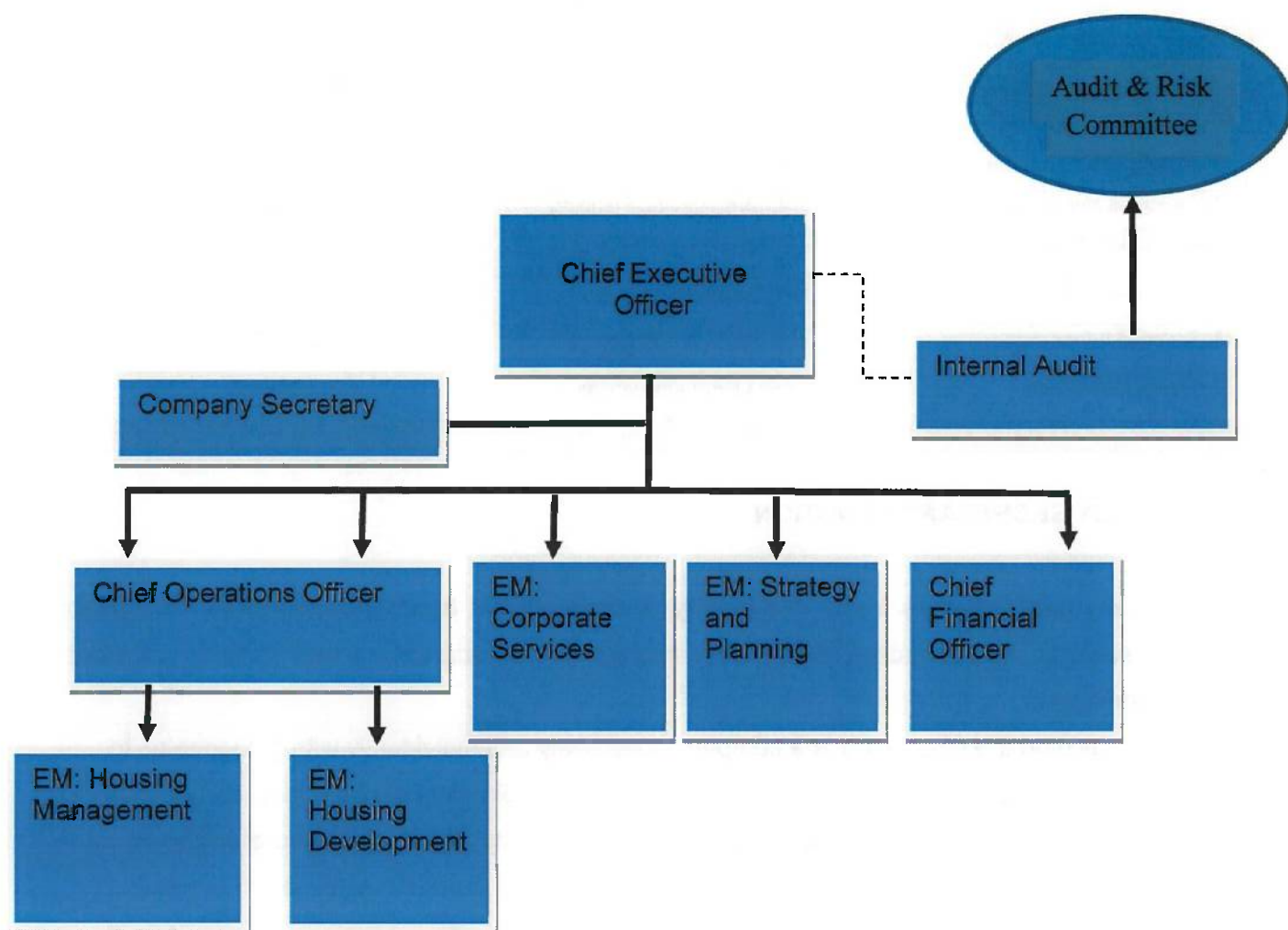


Figure 2: High-level organisational structure

SECTION 3: RISK MANAGEMENT

JOSHCO has established and maintains a system of risk management in accordance with section 95 of the MFMA, Principle 11 of the King IV report on Corporate Governance, and the City's Group Risk Management Framework and Risk Management Standards as applicable. Internally the entity has a risk strategy and policy, which were approved in 2022. Oversight over the governance and management of risk in JOSHCO is carried out by the Audit & Risk Committee, which is the statutory committee of the Board of Directors. The Committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with the terms of reference approved by the Board.

3.1 RISK-ESCALATION METHODOLOGY

The Group Risk Framework provides guidance on which risks should be escalated to the various governance committees within the entity and the City. The process implementers, which are functional

departments, assess the risks, and the heads of departments as process owners report on the risk results to the Executive Committee and the Audit & Risk Committee. The Audit & Risk Committee Chairperson escalates the assessment results to the Board of Directors and the Group Risk Committee at the City for oversight. The Audit & Risk Committee’s role is to identify business risks that could potentially have a negative impact on both the objectives and operations of the company and to advise the Board on possible mitigating strategies.

3.2 CORPORATE RISK ARCHITECTURE



Figure 3: Risk architecture

3.3 JOSHCO’S TOP FIVE RISKS

Table 7: Top-Five Residual Risk Rating

Top 5 Residual Risk Rating			
Risk No	Risk Description	Inherent Risk	Residual Rating (Q2)
1	Inability to continue as a going concern	Very High	Very High
2	Failure to deliver capital projects on time and within budget	Very High	High
3	Increased Health, Safety and Security incidents in JOSHCO projects	Very High	High

4 Business Interruption

Very High

High

5 Minimal/inadequate Stakeholder and Customer Relations Management

Very high

High

Table 7 above reflects the top five risks that directly face the core responsibility of the entity. These risks are inherent in nature and threaten the achievement of strategic objectives and an environment of control.





3.4 INFORMATION ON EMERGING AND NEW RISKS

The projects being carried out by JOSHCO could be harmed by the recent floods in the COJ brought on by the excessive rains. This could affect the budget because of infrastructure damage and delays in completing ongoing initiatives. Furthermore, inadequate fund allocation for payment of invoices by the City has the potential to affect the completion of projects.

3.5 STRATEGIC RISK STATUS

3.5.1 Progress in the Implementation of Mitigating Controls as of 31 December 2022

Legend

	Residual risk is extremely high (VH)
	Residual risk is high (H)
	Residual risk is moderate (M)
	Residual risk is low (L)

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








Legend	Explanation
	Risk mitigation plans not on track, key implementation targets missed and require 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 2022

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating		KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1	Q2					
1	Financial Instability	Inability to continue as a going concern	VH	VH	VH	Percentage collection in respect of current debt	1.1 Eviction of tenants who do not qualify for regularisation, and the finalisation of the installation of a biometric system at 15 remaining projects to prevent unauthorised and non-paying tenants in JOSHCO projects.	1.1 The entity has resumed evictions at projects. To date six eviction orders have been executed at the following projects: a) City Deep b) Orlando Ekhaya c) Europa House d) Fleurhof Junction e) Kiptown Square Twenty-six evictions are to be executed in Q3. Owing to financial constraints, Housing Management has not installed the biometric systems at nine remaining projects; it is envisaged that the action will be implemented in the next financial year. 1.2 All collection/revenue-related functions are integrated under the Housing Management Department.		9 / 9
							1.2 Integration of all collection/revenue-related functions under the Housing Management Department.			
							2. Quarterly portfolio satisfaction survey undertaken to determine the tenants' level of satisfaction with JOSHCO service-delivery standards.	2. The quarterly portfolio satisfaction survey to determine the tenants' level of satisfaction with JOSHCO service-delivery standards was conducted and the satisfaction rating was recorded at 60%.		
							3. Implementation of SHRA Covid-19 relief fund.	3. Housing Management has announced a Black Friday sale, to write off 50% of renters who have been in arrears for more		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating		KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1	Q2					
								than four months. However, no account has been approved for the Covid-19 relief fund by SHRA for the current quarter.		
							4. Quarterly tenant-engagement sessions in collaboration with the MMC's Office to educate tenants and appeal to them to honour their contractual obligations; failure to do so will result in the execution of credit-control measures, including eviction of non-paying tenants.	4. Tenant-engagement sessions have been conducted for the following projects in Q2: a) Union Square b) AA House and c) Devland.		
							5. Installation of vending solutions in six JOSHCO buildings to manage utility consumption and monthly audit of utility statements; i.e., software monitoring system for water and electricity.	5. Vending solutions were installed in six JOSHCO buildings in November 2022: a) Textile Building b) Phoenix Building c) Raschers Building d) Orlando Ekhaya e) Hoek Street f) Fleurhof and g) Wanderers Street.		
							6. Implementation of HIGH-TECH to improve efficiency and revenue enhancement.	6. A panel of service providers was appointed in October 2022 on a three-year contract for the implementation of a billing system.		
							7.1 Appointment of account managers to follow up on invoices.	7.1 Three new employees were appointed in November 2022 to follow up on invoices.		
								7.2 Regular meetings have been held with the Human Settlement		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating		KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1	Q2					
2	None	Failure to deliver capital projects on time and within budget	H	H	H	Number of social housing units completed	<p>7.2 Resolution of all issues affecting settlement of outstanding invoices with the Human Settlement Department.</p> <p>1. Motivation of the City to allow JOSHCO to re-invest the SHRA grant in new Social Housing initiatives.</p> <p>2.1 Performance of due diligence prior to appointments of service providers.</p> <p>2.2 Implementation of monitoring and evaluation during construction.</p> <p>2.3 Conducting of physical risk assessment during construction to identify emerging risks.</p>	<p>Department and the resolutions from those meetings are currently being actioned, which include the drafting of an SLA by the Legal Department and submission of outstanding information by the project manager from Development Management.</p> <p>1. A memorandum to motivate to the City that JOSHCO be allowed to re-invest the SHRA grant in new Social Housing initiatives was drafted and submitted to the Group CFO and the City Manager in Q1. It is envisaged that feedback on the memorandum will be received during the mid-term budget review.</p> <p>Revised implementation date: January 2023.</p> <p>2.1 Due diligence was conducted on all newly appointed service providers in Q2.</p> <p>2.2 Housing Development project managers are monitoring and evaluating the performance of contractors; during the quarter under review, one contractor was terminated owing to non-performance.</p> <p>2.3 Physical risk assessments are conducted by contractors on</p>	<p>6 / 6</p> <p>↓</p>	



Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating			KPI linked to the risk	Action(s) to improve the management of risk		Progress on each action item as at end of the quarter	Residual Risk Movement	Status
			at 30 June 2022	Q1	Q2						
3	None	Failure to implement effective job creation and SMME support systems	M	M	H	Percentage of construction CAPEX spent on SMME	4. Physical assessment and verification of compliance with relevant regulations during construction and provision of assessment report to Exco for action		an ongoing basis to identify emerging risks during construction.	1 / 2	
							3. Robust engagements with the community and identified groups prior to the commencement of projects and during construction; i.e., local SMMEs.		3. JOSHCO held community engagements at Riverside and Princess Plot Social Housing project in Q2 to resolve some of the matters raised related to the project, such as SMMEs and EPWP spending.		
							1. Partner with Construction Education and Training Authority (CETA) to train SMMEs and improve technical capacity on new projects.		1. No training was undertaken during the period under review as no new projects were commenced during the period.		
							2. Physical assessment and verification of compliance with relevant regulations during construction and assessment report sent to Exco for action.		2. Physical assessments and verification of compliance with relevant regulations (NHRBC, CIDB and OHS audit) are conducted monthly and are supported by evidence that is submitted to the project managers on a monthly basis.		
4	None	Minimal/inadequate stakeholder- and	H	H	H	Percentage customer satisfaction rating	1.1 Development of an integrated stakeholder- and customer-engagement plan.		1.1 An integrated stakeholder- and customer-engagement plan was developed in July 2022.	5 / 5	


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating		KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1	Q2					
		customer-relations management				Number of complaints resolved on time	<p>1.2 Implementation of the communication plan.</p> <p>2.1 Quarterly tenants' engagement sessions in collaboration with the MMC's office per portfolio.</p> <p>2.2 Monthly oversight visit by JOSHCO and the chairperson of the Development Committee per portfolio.</p> <p>3. Development of the Call Centre Department's capacity by hiring more call centre agents, as well as the Housing Management Department's ability to respond to consumer enquiries within seven days.</p>	<p>Management continues with its implementation.</p> <p>1.2 The communication plan has been continuously implemented through continuous internal communication, notices and infographics on social media platforms and communication of tenant engagements.</p> <p>2.1 Tenants' engagement sessions have been conducted for the following projects in Q2: a) Union Square b) AA House c) Devland.</p> <p>2.2 The Board visited two projects in Q2: a) Roodepoort b) Lufhereng.</p> <p>3. The Call Centre Department is now capacitated with three call centre agents to respond to customer enquiries within seven days.</p>		
5	Increasing Safety and Security Incidents	Increased Health, Safety and Security incidents in JOSHCO projects	M	M	H	Number of Health, Safety and Security incidents	<p>1.1 Implementation of an open purchase order per building with dedicated service providers per building to fast-track the maintenance turnaround time.</p>	<p>1.1 The portfolio managers have been given the authority to approve the dedicated service providers per building to fast-track the maintenance turnaround time.</p>	 7 / 7	

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q1	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
							1.2 Formulation of tenants' committees.	1.2 Tenants' committees were formulated in July 2022 and are being used to better communicate with tenants.		
							2. Installation and activation of biometrics system at entrance to improve access and security to be completed in 15 JOSHCO projects.	2. Owing to financial constraints, Housing Management prioritised the installation of the biometric systems at JOSHCO head office. For the nine remaining projects, it is envisaged that the action will be implemented in the next financial year.		
							3. Installation of CCTV cameras that will be linked to security control room.	3. The service provider installed CCTV cameras at Devland, Turffontein and Dobsonville in November 2022. The CCTV installed at Devland, Turffontein and Dobsonville has not yet been linked. It is envisaged that the control room will be fully functional in Q3.		
							4. Robust monitoring of the implementation of the Occupational Health and Safety (OHS) action plan.	4. The OHS plan has been implemented; as confirmed by the OHS audit in November 2022. Site inspections were conducted on the following projects in Q2: a) Kliptown Square b) Union Square c) La Rosabel d) Raschers Building e) Citrine Court f) Turffontein g) Phoenix House		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q1	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
6	Inability to Respond to City Disasters and Business Disruptions	Business interruption	H	H	H	Percentage compliance with laws and regulations	<p>1.1 Appointment of an information security consultant to conduct daily ICT security assessment tests and security threat monitoring.</p> <p>1.2 Development of formal security standards for configuration of servers, network, applications and resource constraints.</p> <p>2. Development of a business continuity management system and disaster recovery plan.</p> <p>3. Procurement of an additional power backup</p>	<p>h) Orlando Ekhaya</p> <p>i) Kliptown Golf Course.</p> <p>5. The Turfontein project's security guards were installed in November 2022.</p> <p>6. A security policy was developed and was approved by the Board in July 2022.</p> <p>1.1 The appointment of the information security consultant is prioritised to be filled in Q3. Revised implementation date: 31 March 2023.</p> <p>1.2 Formal security standards for configuration are being finalised owing to the implementation of new ICT security and ICT infrastructure. It is envisaged that the standards will be submitted to Exco for approval in Q3.</p> <p>2. Business continuity framework and policy have been developed. They were presented to the Audit & Risk Committee and approved by the Board in October 2022. The service provider for the disaster recovery plan has been appointed, and it is envisaged that the process will be concluded in Q3.</p> <p>3. The additional backup power system was procured in August</p>		2 / 6

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating			KPI linked to the risk	Action(s) to improve the management of risk		Progress on each action item as at end of the quarter	Residual Risk Movement	Status
			at 30 June 2022	Q1	Q2						
							system for head office building.	2022 and rolled out with the server room.	4. The committee has not been established; currently waiting for ICT to acquire ICT infrastructure for crisis and disaster-management purposes.		
							5. Installation of secondary network connectivity for higher availability and redundancy.	5. A secondary network is in the process of being procured. Owing to the move from JD House to the head office, it is envisaged that the secondary network will be procured and installed in Q3. Revised implementation date: 31 March 2023.			
7	None	Inaccurate and unreliable performance information	H	H	M	Percentage implementation of targeted corrective action against audit finding	1.1 Implementation of the monitoring tool to strengthen quality assurance by Executive Management. 1.2 Collection and verification of KPIs on a monthly basis.	1.1 EMs are provided with a verification tool that they submit to M&E together with evidence and sign it off with the M&E officer. 1.2 The M&E function has commenced with the verification of two KPIs on a monthly basis. This process will gradually improve. The target was to start with the problematic KPIs.	1.1 EMs are provided with a verification tool that they submit to M&E together with evidence and sign it off with the M&E officer. 1.2 The M&E function has commenced with the verification of two KPIs on a monthly basis. This process will gradually improve. The target was to start with the problematic KPIs.	↑	2 / 3
							2. Appointment of manager and specialist in monitoring and evaluation to perform physical verification.	2. The recruitment process for the Manager: Planning & Performance Reporting has been finalised and the candidate is expected to commence working on 1 January 2023. In October 2022, the Monitoring			

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q1	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
8	None	Failure to develop, attract and/or retain talent	H	H	M	Percentage employee occupancy rate	<p>1. Implementation of the organisational structure and job-grading outcomes.</p> <p>2. Bi-annual sessions to encourage and drive a learning culture in the organisation.</p> <p>3.1 Review of talent management, retention and succession policy.</p> <p>3.2 Quarterly performance-management reviews.</p>	<p>and Evaluation Specialist was hired.</p> <p>1. Organisational structure was approved on 14 July 2022. Job grading is still in progress. Revised implementation date: January 2023.</p> <p>2. To promote a learning culture, bursaries were advertised in October 2022 for workers to apply for, with a deadline of 21 November 2022.</p> <p>3.1 The recruitment and selection policy; disciplinary code and procedure policy; and talent management, retention and succession policy were reviewed and approved by the Board in October 2022.</p> <p>3.2 The performance reviews are underway, and performance contracting has resumed.</p>		3 / 4
9	None	Fraud and corruption	M	M	M	Percentage compliance with laws and regulations	<p>1. Fraud-detection review in collaboration with the City.</p> <p>2. Implementation of standardised price list for maintenance.</p> <p>3. Implementation of supplier rotation policy.</p>	<p>1. The Risk and Compliance Department continuously assesses internal policies during Fraud Risk assessment monitoring.</p> <p>2. The standardised price list for maintenance is being implemented on an ongoing basis.</p> <p>3. The SCM policy reflects the rotation of suppliers; however, the SCM team is currently inviting suppliers who have</p>		6 / 6

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q1	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
10	None	Dilapidation of tenanted buildings	M	M	M	Percentage spent on maintenance budget	<p>4. EM: Housing and Portfolio Manager: Leasing to sign off tenant allocations.</p> <p>5. Annual review of tenant management policy and standard operating procedures.</p> <p>6. Installation of fraud-awareness posters/signage in JOSHCO projects.</p>	<p>never received a contract or done work with JOSHCO from the panel. A new rotation list will be tabled to ARC and the Board in Q2.</p> <p>4. Tenant allocations are signed by the EM: Housing Management and the Portfolio Manager for Leasing.</p> <p>5. The tenant management policy and standard operating procedures were reviewed and approved by the Board in October 2022.</p> <p>6. The service provider for fraud-awareness posters/signage was appointed in July 2022 and completed the installation of signage at all of JOSHCO's projects.</p>	<p>5 / 5</p> <p></p>	
							<p>1.1 Maintenance work certified and signed off by portfolio managers.</p> <p>1.2 Implementation of the new comprehensive standardised price list and maintenance model.</p> <p>2. Technical inspection training for Housing supervisors for adequate inspection of the work conducted by contractors.</p> <p>3. Installation of CCTV cameras that will be linked to</p>	<p>1.1 Maintenance work is being certified and signed off by portfolio managers.</p> <p>1.2 The new comprehensive standardised price list and maintenance model are being implemented.</p> <p>2. In-house technical training was conducted for Housing supervisors on 12 December 2022 for adequate inspection of the work conducted by contractors.</p> <p>3. The service provider installed CCTV cameras at Devland,</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating		KPI linked to the risk	Action(s) to improve the management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q1	Q2					
							the security control room to monitor possible vandalism and theft; or appointment of security supervisors.	Turffontein and Dobsonville in November 2022. The CCTV installed at Deviland, Turffontein and Dobsonville has not yet been linked; it is envisaged that the control room will be fully functional in Q3.		
							4. Appointment of a service provider to undertake a building-condition assessment in order to prepare and optimise maintenance forecasts, and optimal budget allocation through risk assessment and prioritisation.	4. The service provider for building-condition assessment was appointed in the previous financial year. The service provider has carried out a building-condition assessment and will submitted the report at the end of September 2022, and the report will be used for the mid-term budget adjustment review.		

Residual Risk Movement

Below is a summary of the strategic residual risk movement assessed in Q2 for JOSHCO for the financial year 2022 to 2023.

Out of 10 risks that were assessed and monitored in Q2, two risks moved from medium to high owing to these risks being out of the set appetite and tolerance levels; two risks moved from high to medium owing to the risks being within the set appetite and tolerance levels; and six remained the same with no movement for various reasons. This is an indication that some of the interventions that were identified are not mitigating or improving the management of the risks and this implies that management needs to identify and implement more robust interventions. (Refer to the strategic risk register as set out in Table 8.) For improved management of risk, the risk champion committee was augmented with additional members in order to prioritise risk and compliance and also to assist with audit findings. The entity collaborates with the Group Risk and Assurance Services (GRAS) Department in order to equip the committee with the necessary skills. A workshop with the risk champion committee was held and facilitated by GRAS on 25 November 2022 with the aim of capacitating the committee members. This is an ongoing collaboration.

As shown in Table 8 above, the total percentage of actions implemented to manage the residual risk(s) around the control environment for the quarter is **87% (46/53)** against the year target of **100%**. The implementation of some of the controls is dependent on budget availability, human resources or the appointment of service providers. The risk management department will continue to monitor the movement of the risk appetite and tolerance levels closely in the next quarter.

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

The Board, its committees and management continued to adhere to Principle 1 of the King IV report on Corporate Governance for South Africa (2016), which states that “the governing body should lead ethically and effectively”. In line with this principle, the governing body should further continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000. The Risk and Compliance Department carried out a fraud awareness promotion in the Dobsonville project and through social media. In September, the Risk and Compliance Department, in partnership with the GFIS, conducted fraud and corruption awareness sessions in the Supply Chain Management, Finance, Human Resource Management, Housing Management and Housing Development departments. JOSHCO commemorated World anti-fraud and corruption day on 09 December 2022 through social media platforms and internal communication.

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

All reported fraud and corruption allegations are investigated through the GFIS unit in the city and reports that indicate progress made on the investigations are provided to JOSHCO quarterly. One new case was reported in Q2.

Table 9: Progress Provided by the GFIS on Open Cases

GFIS No.	Date Registered	Allegation	Status
GFIS-19/12/2020	2020/12/08	Alleged fraud and corruption regarding issuing of flat units at JOSHCO by JOSHCO employee.	In progress
GFIS-14/05/2021	2021/05/14	Alleged fraud and corruption by senior officials collecting money from companies in order for them to be appointed for upgrade and refurbishment of built environment.	In progress
GFIS-27/09/2021	2021/09/20	Fraudsters posing as agents of JOSHCO, or convincing the unsuspecting public that they are JOSHCO employees, are taking a sum of money from the public in return for what they term an "application fee".	In progress
GFIS-12/11/2021	2021/11/02	Moja TV shooting	In progress
GFIS-39/12/2021	2021/12/15	Alleged maladministration with regard to recruitment.	In progress
GFIS-40/01/2022	2022/01/27	Alleged maladministration with regard to recruitment.	In progress
GFIS-5/05/2022	2022/05/04	Alleged corruption, where some entities and individuals are using pseudonyms in an attempt to commit fraud.	In progress
GIFS-35/08/2022	2022/08/16	Alleged fraud and corruption, where someone posed as the CEO of JOSHCO requesting personal information and demanding that workers purchase iTunes.	In progress
GFIS-41/08/2022	2022/08/18	Alleged online fraud, where an unknown criminal is impersonating the JOSHCO CEO via email requesting the personal WhatsApp numbers of City Officials with the subject header "Urgent task".	In progress
GFIS-26/09/2022	2022/09/14	Alleged fraud and corruption, where fraudulent debit orders are being deducted from	In progress

		JOSHCO Standard Bank account.	
GFIS-20/11/2022	2022/11/13	Alleged supply of fraudulent quotations from a contractor.	In progress

SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTEREST

JOSHCO employees complete declaration of interest forms on an annual basis to ensure that employees are transparent about their business interests outside of the organisation and that any close relatives or associates are identified to avoid conflicts of interest between JOSHCO and the service providers that the entity will be conducting business with. To date, 94% of JOSHCO employees have completed and submitted their annual declaration. The majority of those that constitute the balance are general workers who are based at project level. The Human Resources Department has escalated the matter to the respective heads of department for intervention to ensure that all staff members have signed the declaration.

SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) GOVERNANCE

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

Table 10: Summary of ICT Activities for the Quarter

Item	Progress	Dependency
ICT Inventory Management	95%	App developed on Microsoft platform. Laptops and other ICT assets gradually uploaded.
Hardening & Clean-up of the Active Directory (AD)	100%	Completed and reviewed monthly.
Systems Backup and Restoration	95%	Backups are running daily, and ICT is now receiving daily backup reports. Data retention needs to be increased. Additional drives have been installed in December.
Systems Availability	90%	UPS installed in the server room; users can access systems via VPN during loadshedding. Additional power resources (UPS) on switches and Wi-Fi access points per floor are underway.
Disaster Recovery	90%	Supply and configuration of Layer 2 Network Line are complete. Synchronisation was completed in 31 December 2022.
Procurement of Second Batch of Laptop Refresh	100%	Awaiting delivery.
Queue Management System	95%	Virtual Server created and supplier to install hardware.

ICT Policy Awareness	100%	Schedule drafted. First awareness communication sent to all staff on 13/12/2022 and will be ongoing on a weekly basis.
Smart Board Room Installation	90%	Smart screens, cameras, speakers installed – Trunking in process.
Fibre Rollout to JOSHCO Projects	50%	Panel appointed in December 2022. Installation of open-access fibre to be carried out by Metro Trading Company (MTC).
Patch Management	100%	Patches deployed weekly. CMG to be established to manage remote users in January 2023.

Business Continuity Process (BCP)

This project experienced delays, especially with the last leg, owing to financial constraints and the operational expenditure (OPEX) budget reprioritisation that was expected to be undertaken. However, this process did not stop the ICT Department from engaging with the various business units and Business Impact Assessment workshop sessions were held, which were fully supported by all the staff of various departments within JOSHCO.

These sessions also focused on identifying each department's critical business processes and business risks. A report of all the identified critical business processes, along with their resource requirements, dependencies, third parties and suggested strategies for recovering in the event of a disruption to normal business operations, has been drawn up and submitted for review. This report of the strategies has been developed for all business units.

It has been noted that the Information Technology Disaster Recovery (ITDR) team needs to clarify its recovery readiness in terms of whether it could recover the business within the business recovery time objectives (RTO) and recovery point objectives (RPO) that each critical business operation has put forward. ITDR is working on having the site set up for testing and it has been agreed that the BCP/ITDR Test will be conducted before 28 March 2023. This will ensure that the Team has its disaster recovery plan aligned with its actual operations.

Network Infrastructure

Head Office Project

The current laid-out infrastructure enables connectivity for users and access to all network resources and services required for JOSHCO to operate. Servers are connected to the UPS backup system so that the JOSHCO email network will operate regardless of loadshedding. Network switches and Wi-Fi access points will be on UPS by 31 January 2023.

JOSHCO Projects

The panel for the assessment of Internet Service Providers (ISPs) has been appointed and all service-level agreements have been signed off. The second phase of the project has begun. The master agreement between JOSHCO and Metro Trading Company (MTC) has been renewed to assist in the provision of ICT-related services. A distance assessment of the fibre network for all JOSHCO projects has been undertaken and a cost estimate has been established for bringing open-access fibre to the JOSHCO projects.

The third phase of this project will bring fibre to the tenants' units, for which they will pay a subscription fee and the appointed ISP will give JOSHCO a fee in terms of the revenue-shared model. As a pilot project, JOSHCO will allocate four projects per service provider to serve as an ISP.

Data Centre Development

Server rooms are the heart of every JOSHCO operation. A data centre has been fully installed and will offer the best optimal solution for data centre infrastructure and monitoring. This data centre houses all of JOSHCO's servers and therefore maintaining an optimal environment is essential. For this reason, the ICT Department has developed the Axil Server Room Environment Monitoring and Control Facility, which will monitor the JOSHCO server room 24/7 and has had back-up power systems installed. To date, the system has never been down.

Emergency Awareness Alert: The JOSHCO IT Department can receive notifications in the event that the environmental conditions in the JOSHCO server room change. Notifications are received immediately by the four priority cell phone numbers loaded directly onto the Axil unit or via email.

The data centre is fire- and waterproof. It also has a biometric security system that has an access-control feature to control who has access to the data-centre room.

JOSHCO App

The service provider that was appointed to develop and maintain this App has failed to perform within the projected timeframes and the service provider has been placed on terms, with a legal dispute as per the Service Level Agreement (SLA) raised regarding the service provider's performance and quality of work reported. In the meantime, the ICT team has requested assistance from MTC and the Group ICT to ensure that the development of the App continues, while the legal dispute process is underway and being attended to by the legal team, to avoid the project lagging. It is projected that the App prototype will be presented in March 2023.

Summary of Quarter 3 Plans

1. Completion of the Disaster Recovery project to be fully functional and with the test report to assess its effectiveness
2. Completion of the setting up of the digital systems at the JOSHCO head office
3. Introduction of a Board Pack system for Board meetings, to assist and capacitate the COSEC Office and Board operations for meetings and record keeping of Board operations
4. Full rollout of the ICT Inventory System with the introduction of a digital asset register system for the organisation
5. Introduction of the first two digital functions that fall within the Housing Management Department

SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS

Compliance management is a multifaceted discipline that ensures that an organisation complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements. JOSHCO uses the EXCLAIM! compliance software to monitor compliance with relevant legislation. In addition to the use of EXCLAIM!, other mechanisms such as compliance risk-management plans are used to identify, assess and monitor JOSHCO's level of compliance with relevant regulatory requirements that form part of its operations. As at the end of the second quarter, a total of 28 Acts and regulations were identified as applying to JOSHCO's operations and these appear on the Regulatory Universe. This is as opposed to 29 Acts in the first quarter. The COVID-19 Occupational Health and Safety Measures in Workplaces Directive has been withdrawn and thus was not assessed in this quarter. It has now been removed from the compliance universe.

JOSHCO has reached 100% compliance with 24 of these Acts, while four Acts are not yet at 100% compliance. It is important to note that there has been consistent improvement in compliance with the Protection of Personal Information Act. JOSHCO has made significant efforts to ensure that the organisation complies with this Act to avoid potentially hefty fines and penalties. The overall compliance has improved to **98.3%**, which is above the target of 95%. The entity has developed an action plan that aims to monitor progress in addressing provisions that the entity is still not fully compliant with, and this tool is utilised as a constant reminder for Acts' owners to implement the recommendations.

In the next quarters, the compliance programme will focus its efforts on ensuring compliance with the Social Housing Act, and its Regulations, aiming to increase the compliance percentile with this Act to above the 95 mark and to achieve 100% compliance by the end of the financial year.

Table 11 below lists the action plans and remedial actions identified for improving compliance with the legislation that the entity is below 100% compliant with, along with the progress made by the Acts' owners in implementing these actions.

Table 11: Action Plans for the Assessed Legislation

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on Remedial Action	Timeframe
1. Municipal Finance Management Act (MFMA), 56 of 2003	100%	76.5%	The variances that have been identified relate to the AG's findings concerning the preparation of the Annual Financial Statement as well as supply-chain management.	<ol style="list-style-type: none"> 1. Implement web-based Audit Action Plan. 2. Establish an internal control checklist for expenditure management. 3. Review compliance risk management plan to reflect Audit findings. 	Chief Financial Officer	Variances identified in Q2.	31 March 2023

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on Remedial Action	Timeframe
2. Protection of Personal Information Act (POPIA), 4 of 2013	76.1%	93.0%	<p>The variance relates to:</p> <ol style="list-style-type: none"> 1. Written contract between JOSHCO and service providers who process information has not been concluded to ensure that the service provider that processes personal information for JOSHCO establishes and maintains the security measure referred to in Section 19. 2. A personal information impact assessment has not been conducted. 3. Internal awareness sessions regarding the provisions of the Act, regulations made in terms of the Act, codes of conduct, or information obtained from the regulator have not been conducted. 	<ol style="list-style-type: none"> 1. Service level agreements to be amended to include POPIA obligations. 2. The service provider on site to conduct personal information impact assessment. 3. Internal awareness sessions to be conducted in the next quarter. 4. A compliance risk management plan to be reviewed to re-assess the risk of non-compliance. 	Company Secretary	<ol style="list-style-type: none"> 1. JOSHCO appointed a service provider that is assisting with the GAP analysis for POPIA. 2. JOSHCO applied to the information regulator to process information for lease applications. All lease applications are on hold pending approval by the regulator. 3. The service provider has developed a POPIA manual and updated key policies to be in line with POPIA. 4. JOSHCO is implementing the recommendations of the service provider as and when communicated. 5. Departmental heads have been presented with the draft report compiled by MNS attorneys covering the Act as well as JOSHCO governance matters, for input. In the next quarters, training will be provided to departments. 6. There has been a significant improvement in compliance with respect to POPIA, with a move from 76.1% to 93%. 	31 March 2023

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on Remedial Action	Timeframe
3. Rental Housing Act, 50 of 1999	96.3%	96.3%	The variance relates to the subletting of units by tenants without JOSHCO's consent.	<ol style="list-style-type: none"> 1. An Occupancy Audit will be conducted quarterly per portfolio by the appointed service provider. The renewal of leases will also be used to identify subletting cases. 2. JOSHCO, through the Housing Management Department, has embarked on a process of regularising qualifying tenants in line with the Act. The process will continue until all JOSHCO units are occupied by lawful tenants only. 	EM: Housing Management	<ol style="list-style-type: none"> 1. Occupancy Audit and Tenant Satisfaction surveys were conducted in Portfolio A. The remaining Portfolio B and C audits will be finalised in the next quarters. The entity experienced resistance from the Dobsonville tenants when commencing with the audit. 2. A biometric system has not been installed in the remaining projects in the JOSHCO project because of budgetary constraints. Provision will be made in the budget adjustment process in January 2023. 3. Lease renewals at Dobsonville are still on hold following various issues raised by tenants. Stakeholder engagements with tenants were conducted in Devland, Dobsonville and Fleurhof. Continuous engagements with problematic projects will be conducted until the leases can be renewed. 4. A property-management policy has been reviewed and approved by the Board. This will help to alleviate the organisation's current issues related to tenantry. 	31 March 2023

4. Social Housing Act, 16 of 2008 / Regulations	87.0%	87.0%	<p>The variance relates to the following:</p> <ol style="list-style-type: none"> JOSHCO's accreditation has been downgraded by the regulator because of non-compliance on an ongoing basis with the criteria that qualify it for full accreditation. JOSHCO does not comply with section 14(2) of the Social Housing Act, which states that an Social Housing Institute (SHI) must at all times function in compliance with: <ol style="list-style-type: none"> the provisions of this Act the national building regulations under the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977) the technical standards imposed by the National Home Builders Registration Council under the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998) (No Occupancy Certificates) the provisions of the Rental Housing Act, 1999 (Act 50 of 1999) The content of the lease agreement and proposed changes are not strictly adhered to by all parties. Change of incorporation has not been submitted to the regulator. 	<p>1. The National Building Regulations and Building Standards Act is to be included in the Regulatory Universe and assessed for compliance.</p> <p>2. The change in incorporation from PTY LTD to SOC.LTD to be tabled to shareholders for ratification. Once finalised, this change will be submitted to the SHRA.</p> <p>3. JOSHCO must engage tenants on issues regarding enforcement of lease agreements.</p>	EM: Housing Management	<ol style="list-style-type: none"> JOSHCO submitted the progress report on the SHRA non-compliance issues in Quarter 2. This is regularly monitored by the SHRA. All incorporation documentation was submitted to the CIPC and JOSHCO is awaiting feedback. Stakeholder engagements with tenants are currently being conducted in several projects to address the lease renewal and regularisation challenges. Four compliance certificates for SHRA-funded projects were retrieved and obtained in Q2. 	30 September 2022
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CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

SECTION 1: RESPONSE TO STRATEGIC DIRECTION

Table 12 below reflects the entity's alignment with the City's priorities. Implementation progress is provided across the report.

Table 12: Alignment of Strategic Objectives with City IDP Outcomes and Strategic Priorities

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<ul style="list-style-type: none"> • Ensure hygienic environment • Ensure access to electricity 	1. A city that gets the basics right	<ul style="list-style-type: none"> • Become a customer-centric company 	<ul style="list-style-type: none"> • Improved quality of JOSHCO project buildings through building conditions assessments and ongoing maintenance • Achievement of all service level standards (SLS), as per service delivery agreement • Prepaid vending solution at projects (six projects in 2022/23) • Well-maintained and clean JOSHCO properties • Alignment with the SHRA's requirements, as the regulator
<ul style="list-style-type: none"> • Tough on crime 	2. A safe and secure city	<ul style="list-style-type: none"> • Maintain quality and safe living environment for all JOSHCO tenants 	<ul style="list-style-type: none"> • Secured projects that guarantee tenant and JOSHCO staff safety via: <ul style="list-style-type: none"> ○ Access controls ○ Biometrics and CCTV installations
<ul style="list-style-type: none"> • Sustainable housing • Keeping communities in good health 	3. A caring city	<ul style="list-style-type: none"> • Become a customer-centric company • Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) 	<ul style="list-style-type: none"> • Student accommodation delivered in Regions F and D • Rooftop gardens on all suitable buildings to increase food security for the tenants and contribute to a smart city • Early childhood centres in projects to support child development while building a community
<ul style="list-style-type: none"> • Job creation and investment in local economy 	4. A business-friendly city	Contribute towards economic development through Small, Medium and Micro Enterprise (SMME) support and job creation	<ul style="list-style-type: none"> • Upliftment of communities by providing financial and non-financial support to local SMMEs on construction projects • Skills development and job creation through EPWP programme

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<ul style="list-style-type: none"> • Reclaim public spaces • Combat illegal immigration 	5. An inclusive city	<ul style="list-style-type: none"> • Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) • Become a customer-centric company 	<ul style="list-style-type: none"> • Large-scale delivery of social housing and affordable housing units across the City • Development of student accommodation precinct • Preserved and well-maintained buildings that meet acceptable living conditions
<ul style="list-style-type: none"> • Governance in the interest of people and reduction in corruption • Institutional reconfiguration • Affordable services and tariffs 	6. A well-run city	<ul style="list-style-type: none"> • Become a financially sustainable entity • Strengthen governance and compliance • Become a customer-centric company 	<ul style="list-style-type: none"> • A solvent company by end of 2024/25 FY • Improved revenue collection • Diversification of revenue stream (student accommodation, outdoor advertising, management fee, other mechanisms) • An unqualified Audit Opinion • Sound reputation in terms of payment of suppliers within 30 days
			<ul style="list-style-type: none"> • Effective and efficient business processes • Improved tenant satisfaction, through proactive tenant education and engagement programme • Customer satisfaction targets achieved and improved on • Improved visibility of JOSHCO brand
			<ul style="list-style-type: none"> • A high-performance culture – reflected in an engaged, motivated and performance-oriented workforce
			<ul style="list-style-type: none"> • Accurate and reliable performance information • Good governance and compliance improved via: <ul style="list-style-type: none"> ○ Fraud-prevention plan and strategy, fraud awareness and fraud risk management ○ Comprehensive risk and compliance programme and awareness ○ Robust internal control environment • Legislative compliance
<ul style="list-style-type: none"> • Initiatives that transition the City to a smart city 	7. A Smart City	<ul style="list-style-type: none"> • To maintain a quality and safe living environment for all JOSHCO tenants 	<ul style="list-style-type: none"> • Social housing projects that are smart and environmentally friendly, through design (including alternative energy solutions and rainwater harvesting) • Smart electricity metering system in all properties

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
			<ul style="list-style-type: none"> • Rooftop gardens on all suitable buildings to increase food security for the tenants while contributing to a smart city
		<ul style="list-style-type: none"> • Become a customer-centric company 	<ul style="list-style-type: none"> • Improved application and leasing processes, supported by fully operational JOSHCO App • Seamless business continuity supported by effective backup and disaster-recovery systems

SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

The main highlight of the quarter is that the DevCom committee held a site walkabout at the Lufhereng project, which has reached completion and is ready for tenanting. The project has 407 units in total.

SECTION 3: SERVICE DELIVERY CHALLENGES

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

- Low rental collection
- Insufficient allocation of funds in Quarter 2 to pay invoices raised for work performed, resulting in work stoppages or slow progress as contractors raise non-payment complaints.

SECTION 4: PERFORMANCE OF CAPITAL PROJECTS

The entity conceived various capital projects in the Inner-City and other areas and spaces within the jurisdiction of the City of Johannesburg Metropolitan Municipality. Some of the projects as conceived are at the implementation stage, which entails that developers or contractors have already been appointed to build housing units. Other projects are at the planning stage, which entails that the entity has appointed contractor/s or developer/s to undertake detailed investigations, lodge township applications and eventually secure developmental rights. The progress made during the quarter under review is detailed below.

4.1 PROJECT UPDATES

Complete project with occupation certificate: this is where a project has been constructed and completed in compliance with the provisions of the National Building Regulations and Building Standards

Act, 103 of 1977 as amended. Four occupation certificates have been received for the projects and JOSHCO is preparing project closeout reports and final accounts. These projects have resulted in 781 units delivered against a target of 740 units for Quarter 2.

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 considered Work in Progress (WIP) reflecting capital expenditure. In terms of Quarter 2, the KPI is not due for reporting, but continuous progress is reported.

4.1.1 State of Capital Inner-City Programme

JOSHCO HEADQUARTERS

Start date 17 January 2020 and completion date 30 October 2022

Area or location: 61 Juta Street, Braamfontein

No. of units expected 2022/2023: N/A

Budget allocated this FY: R11 468 905.30

Monitoring Tool	October	November	December
CAPEX Expenditure	R19 359 718.77	0	0
SMME Expenditure	R0	0	0
Project Progress	99.5%	99.8%	99.9%
EPWP	0	0	0

Comments on Project Performance

The head office works were completed, and staff moved back in October. All documentation for the Occupation Certificate (OC) has been submitted and the entity is awaiting the OC.

106 CLAIM STREET

Start date 22 November 2018 and completion date 30 May 2023

Area or location: 106 Claim Street, Johannesburg

No. of units expected 2022/2023: 80 units

Budget allocated this FY: R0; budget is required

Monitoring Tool	October	November	December
CAPEX Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	96%	96.5%	96.5%
EPWP	0	0	0

Comments on Project Performance

Delays in the lift production times have been experienced because of the effect of the war in Ukraine on supply chain processes. The confirmed estimated time of arrival for the lift is 17 December 2022, so installation will commence on 16 January 2023. Thereafter, it is expected to take six to eight weeks for installation and six weeks for testing and commissioning.

50 DURBAN STREET

Construction start date 9 February 2018 and completion date 30 September 2022 (completed)

Area or location: Inner-City

No. of units expected 2022/2023: 102 units

Budget allocated this FY: R0; budget is required

Monitoring Tool	October	November	December
CAPEX Expenditure	0	0	
SMME Expenditure	0	0	
Project Progress	100%	100%	100%
EPWP Accumulative	0	0	

Comments on Project Performance

The chief building inspector inspected the project and found that it had passed all requirements. An OC was issued.

ABEL ROAD CONVERSION PHASES 1 and 2

Construction start date phase 1 to be confirmed (TBC). Contractor not yet appointed; the evaluation was concluded and sent to Bid Adjudication Committee (BAC) for approval.

Area or location: Abel Road, Inner-City Johannesburg

No. of units expected 2022/2023: 102 units for Phase 1 and 155 units for Phase 2

Budget allocated this FY: R0; budget required

Monitoring Tool	October	November	December
CAPEX Expenditure	R1 342 368.35	0	0
Invoice deductions	R1 342 368.35	0	0
Project Progress	0	0	0
EPWP Accumulative	0	0	0

Comments on Project Performance

For Phase 1, 102 units have been completed and are ready for tenanting. Phase 2 is to be implemented in the next financial year.

4.1.2 Projects Under Implementation: Greenfields

LUFHERENG SOCIAL HOUSING PROJECT

Start date 01 September 2019 and planned completion date 30 April 2023

Area or location: Lufhereng Ext. 1

No. of units expected 2022/2023: 407 units

Budget allocated this FY: R73 438 000.00

Monitoring Tool	October	November	December
CAPEX Expenditure	0	0	R11 154 570.05
SMME Expenditure		R42 465.00	
Project Progress	92%	98%	100%
EPWP	0	0	0

Comments on Project Performance

The project is complete. The OC was issued in December and the property is ready for tenanting.

NANCEFIELD SOCIAL HOUSING PROJECT

Start date 4 May 2021 and completion date 31 March 2023

Area or location: Nancefield, Klipspruit, Soweto

No. of units expected 2022/2023: 372 units

Budget allocated this FY: R74 750 000.00

Monitoring Tool	October	November	December
CAPEX Expenditure	R18 991 123.07	R18 482 320.00	R50 922.10
SMME Expenditure	0	R2 929 672.29	0
Project Progress	70%	75%	0
EPWP	7	0	0

Comments on Project Performance

The project was progressing well, with at least 538 people working on site as at the beginning of November 2022. Works were going well, with at least 50 units completed without services on site. However, work

had to be halted owing to non-payment. The SMMEs involved in the construction and the contractor held meetings on site on 10 and 16 November (which meetings were also attended by the Client and the professional team) and it was decided that works should be suspended with immediate effect. Thus, no work has been conducted since mid-November. The amounts owed to the Client are as follows:

1. August 2022 invoice (part-paid) R2 887 565
2. September 2022 invoice R15 623 886
3. October 2022 invoice R17 052 208
4. November 2022 invoice R16 559 775
5. Total amount invoiced **R52 123 434**

PRINCESS PLOTS SOCIAL HOUSING PROJECT

Start date 1 November 2019 and completion date end of December 2022

Area or location: Princess Ext. 22, Roodepoort

No. of units expected 2022/2023: 333 units

Budget allocated this FY: R51 555 000.00

Monitoring Tool	October	November	December
CAPEX Expenditure	R2 953 691.71	R206 621.64	R398 337.10
SMME Expenditure	R1 962 351.77	R1 427 609.60	0
Project Progress	0	0	0
EPWP	0	0	0

Comments on Project Performance

The project was progressing well, with 286 of the 333 units having been snagged. However, progress began to slow down in October owing to non-payment. A Notification to Suspend Work was received on 21 October 2022 from the contractor as a result of non-payment. Subsequent to the notice, the site was closed on Monday 19 November 2022.

ROODEPOORT SOCIAL HOUSING UPGRADE

Start date May 2017 and completion date 30 September 2022

Area or location: Roodepoort

No. of units expected 2022/2023: 92 units

Budget allocated this FY: R0; budget required

Monitoring Tool	October	November	December
CAPEX Expenditure	0	0	0
SMME Expenditure	0	0	0

Project Progress	100%	100%	100%
EPWP Accumulative	0	0	0

Comments on Project Performance

The project is complete and the 92 units are ready for tenanting.

GOLDEN HIGHWAY SOCIAL HOUSING PROJECT

Start date 14 November 2022 and planned completion date 12 May 2023

Area or location: Golden Highway, Devland, Soweto

No. of units expected 2022/2023: 162 units

Budget allocated this FY: R28 142 000.00

Monitoring Tool	October	November	December
CAPEX Expenditure	R889 899.02	0	R6 913 410.41
SMME Expenditure	0	0	0
Project Progress	0	5%	10%
EPWP	0	0	0

Comments on Project Performance

An appointment letter was issued to the contractor on 27 October 2022. The site was handed over to the contractor on 11 November 2022. The commencement date was 14 November 2022 and the contractor had fully mobilised on site by this date. By December, the 162 units had reached JOSHCO's units-in-progress target and practical completion is planned for the 4th quarter.

RIVERSIDE VIEW SOCIAL HOUSING

Start date 24 March 2022 and completion date 7 December for 1st 180 units; the balance TBC

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

No. of units expected 2022/2023: 180 units

Budget allocated this FY: R50 000 000.00

Monitoring Tool	October	November	December
CAPEX Expenditure	R19 359 718.77	R6 462 796.88	R1 988 641.39
SMME Expenditure	R762 528.12	R61 618.09	0
Project Progress	86% (180 units)	98% (180 units)	100% complete (180 units)
EPWP	0	0	0

Comments on Project Performance

All 180 units had reached completion in December 2022. However, the developer could not obtain the OC owing to financial risks caused by non-payment by JOSHCO.

NEDERBERG SOCIAL HOUSING PROJECT

Start date planned for 30 October 2022, with expected completion date mid-December 2022

Area or location: Corner Nugget and Smit Streets, Braamfontein

No. of units expected 2022/2023: 60 units

Budget allocated this FY: R0; budget required

Monitoring Tool	October	November	December
CAPEX Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	92%	94%	94.5%
EPWP	0	0	0

Comments on Project Performance

Consultants were appointed to assist in obtaining all outstanding certifications and appointing a contractor to finish some minor remedial work. The contractor was appointed in November 2022 and is in the process of fixing remedial work and obtaining all statutory documents for occupation.

4.1.3 Projects in the Planning Stage

[illegible]

MARLBORO SOCIAL HOUSING

The entity seeks to pilot the use of alternative building technology (ABT) material on the project. To accommodate the Transitional Housing Project for Human Settlements on the site, JOSHCO needs to subdivide the site to separate the housing developments. The project has been delayed as the transitional housing is being developed on the southern side of the site. A land surveyor is required to peg the site to separate JOSHCO's development from the existing TRA on the site and subsequently a subdivision application will have to be submitted prior to the appointment of an ABT professional team.

The entity will source the services of Land Surveying, which are anticipated to cost less than R200 000.00. Post the mid-term adjustment budget, JOSHCO will appoint a professional team to begin the full planning processes, since the contract of the initial professional team lapsed with the court case and land disputes.

RANDBURG SELKIRK

The professional team has addressed the Johannesburg Roads Agency (JRA) and Joburg Water comments, which were issued prior to the submission of the Section 7(6) application. The Traffic Engineer Department has submitted the revised Traffic Impact Study as per the JRA comments. Once the JRA comments have been issued (addressed), the Section 7(6) application will be submitted to the COJ Building Control for approval. The turnaround time for the approval is 10 days from the date of submission. The architect is preparing documents for the submission of the Section 7(6) application.

This is a land-use right application as follows:

- Studies (EIA, TIA) 100% progress
- Land-use right application 80% progress
- Civil engineering studies 100% progress
- Electrical engineering studies 100% progress
- Building processes/application for S7(6) 90% progress

RIVONIA EDENBURG TURNKEY

The following progress on the project was noted during the period under review.

The land transfer matter has been resolved with the developer and the One Time Pin (OTP) sent to JOSHCO. The professional team was instructed to submit a revised feasibility study for 692 units as per

JOSHCO's instructions. The town planner was also instructed to submit an amended motivation memo for reduced land-use rights to the COJ Land Use Management Department for the rezoning application. This is currently awaiting the Municipal Planning Tribunal. The professional team is committed to submitting the revised feasibility study and costing breakdown for the reduced scheme of 692 units by the end of January 2023. The Traffic Impact Study (TIA) has been finalised by the JRA and the town planner has compiled documents for the submission of the Section 7(6) application in line with the existing land-use rights.

However, the project review consultant's town planner has picked up potential "material flaws" in relation to the land ownership on the rezoning application which could have a negative impact on a rezoning application submitted to the City and could lead to a new rezoning application having to be submitted. The application is being reviewed. This is a land-use right application as follows:

- Studies (EIA, TIA) 100% progress
- Land-use right application 100% progress
- Civil engineering studies 60% progress
- Electrical engineering studies 100% progress
- Building processes/application for S7(6) 0% progress

JEPPESTOWN

The rezoning application was submitted to the COJ Land Use Management Department on 27 October 2022. The application is currently being circulated to other service departments for comments. The circulation period will last until the end of January 2023. Stage 3 is being finalised and awaiting the for-council approval. The land-use rights application should be back from the council by the end of January, and we should conclude by March 2023. The team has begun to draft engineering services' reports and designs.

This is a land-use right application as follows:

- Studies (EIA, TIA) 100% progress
- Land-use right application 40% progress
- Civil engineering studies 90% progress
- Electrical engineering studies 95% progress
- Building processes/application for S7(6) 0% progress

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

A professional team has been appointed and is currently working on the project's programme and action plan to present it to JOSHCO, the Johannesburg Development Agency (JDA) and the COJ Development Planning Department. This is a land-use right application as follows:

- Studies (EIA, TIA) 0% progress
- Land-use right application 0% progress
- Civil engineering studies 0% progress
- Electrical engineering studies 0% progress
- Building processes/application for S7(6) 0% progress

CASA MIA

The illegal occupants that were occupying the building had initially agreed to vacate the building at the end of November but later requested an extension until the end of January 2023. Consultants have finalised the technical report condemning the building and submitted it to the attorneys. The entity has applied for an eviction order as a precautionary measure in case any illegal occupants refuse to move out at the agreed time. The processes of scoping and packaging the project for tender have been halted as the CEO has had reservations about the SLA not being signed by the previous CEO.

For this reason, the professional team will not continue with any other work such as drawings or tender packaging until they have clarity on the project's progress.

38 RISSIK STREET

This project is in the planning stage and the following progress has been recorded.

The evaluation has been concluded and the Bid Evaluation Committee (BEC) report is being finalised. The appointment of the professional team should be concluded by the end of January 2023. This is a land-use right application as follows:

- Studies (EIA, TIA) 0%
- Land-use right application 0% progress
- Civil engineering studies 0% progress
- Electrical engineering studies 0% progress
- Building processes/application for S7(6) 0% progress

BOOYSENS PLACE

Stage 3 designs have been completed for this project. The consultants are currently working on the JRA and Joburg Water comments that were issued for the rezoning application. JRA has requested a TIA and Joburg Water has requested an Outline Scheme Report before final comments on the application can be issued. A traffic engineer and land surveyor have been appointed to carry out the necessary studies as per the JRA and Joburg Water requests respectively. This is a land-use right application as follows:

- Studies (EIA, TIA) 100% progress
- Land-use right application 90% progress
- Civil engineering studies 50% progress
- Electrical engineering studies 50% progress
- Building processes/application for S7(6) 0% progress

4.2 UNITS DELIVERED: WORKS IN PROGRESS (COMPLETE WITHOUT SERVICES)

Table 13: Projects that Contribute to the KPI: Work in Progress (WIP)

Project Name	Business Plan Approved Units	Units Delivered (Acc @ Q2)	Annual Target and Verification
Devland Golden Highway	87	162	Professional team progress report
Nancefield	90	50	Professional team progress report
Casa Mia	50	0	Professional team progress report
Randburg	34	0	Professional team progress report
Jeppestown Turnkey	90	0	Professional team progress report
Edenburg / Rivonia Turnkey	70	0	Professional team progress report
Riverside Turnkey	100	0	Professional team progress report
Nederberg	0	0	
TOTAL	521	212	Professional team progress report

Progress on annual KPI: 212 units were developed to the stage where they were left with only the need for connection to services at the end of Quarter 2. The balance of 309 units is targeted to be achieved from Nancefield at the end of Quarter 4.

4.3 UNITS DELIVERED: COMPLETE (WITH PC AND OC CERTIFICATES)

Table 14: Projects that Contributed to the KPI: Complete Units

Project Name	Business Plan Approved Units	Units Delivered (Acc @ Q2)	Annual Target Verification
106 Claim Street	0	0	Completion Certificate & Occupation Certificate
Princess Plots	333	0	Completion Certificate & Occupation Certificate
Abel Road Phase 2	155	0	Completion Certificate & Occupation Certificate
Abel Road Phase 1	0	0	Completion Certificate & Occupation Certificate
Lufhereng projects	407	407	Completion Certificate & Occupation Certificate
Roodepoort	0	92	Completion Certificate & Occupation Certificate
50 Durban Street	0	102	Completion Certificate & Occupation Certificate
Riverside	0	180	Completion Certificate & Occupation Certificate
Nederberg	0	0	Completion Certificate & Occupation Certificate
TOTAL	895	781	Completion Certificate & Occupation Certificate

Progress on KPI: 781 units were completed by the end of Quarter 2 and are ready for tenanting. The additional 300 units are expected from the Princess Plots project in Quarter 3.

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation has 27 key performance indicators (KPIs) and targets in the 2022/23 business plan. In the quarter, 24 targets were due for reporting, with 16 targets being achieved. This result translates as 67% performance recorded in the quarter, which is a slight drop as compared to the Quarter 1 performance of 70%. The entity has dropped performance owing to the KPI on payment within 30 days, which has regressed in the quarter under review.

Performance Targets	Targets
Total Annual Targets	27
Applicable targets in Q2	24
Targets achieved	16
Targets not achieved	8
Not due for reporting	3

Legend:

	Target 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/or not due for reporting in the quarter

Table 15: Performance Against Predetermined Objectives as at 31 December 2022

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
Financial Stability	Current Ratio	Current ratio 1:1*	1:1	0.73	-0.27	Reasons provided in Section 5.1 below
	Solvency Ratio	Solvency Ratio 1:1	1:1	0.75	-0.25	
	Cost-coverage Ratio	50 days cost coverage	50 days	-712 days	-662 days	Reasons provided in Section 5.1 below

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
	Remuneration to OPEX expenditure	Remuneration to OPEX expenditure of less than 40%	Remuneration to OPEX expenditure of less than 40%	30%	10%	Target Achieved
	Percentage collection in respect of current debtors	80% collection in respect of current debtors	80%	54%*	-25%	Reasons provided in Section 5.1 below
	Percentage spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	50%	178%	-128%	Refer to strategies to reduce expenditure provided in Section 5.1 below
	Percentage reduction in unauthorised, irregular fruitless and wasteful (UIFW) expenditure incurred	50%	30%	77%		Target Achieved
Job creation	Number of jobs	700 Jobs	300 jobs created	531	231	Target Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
	created for the unemployed through EPWP programmes					
Economic Development	Percentage of construction CAPEX spent on SMME	30% of construction CAPEX spent on SMMEs	30% of construction CAPEX spent on SMMEs	30.40 %	0.40%	Target Achieved
	Percentage of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	47%	-53%	Underperformance was a result of insufficient allocation of funds by the City. This has resulted in the entity not being able to pay invoices timeously.
Social Housing Development	No. of social housing units developed	521 social housing units developed	-			This is an annual target. The following progress was recorded. <ul style="list-style-type: none"> 212 units have already been developed
	No. of social housing units completed	895 social housing units completed	740	781	+41	Target overachieved owing to the completion of some of the old projects that were not targeted in the business plan. Below is a list of projects that reached completion: <ul style="list-style-type: none"> 50 Durban Steet – 102 units Lufhereng – 407 units Roodepoort – 92 units Riverside – 180 units
	Percentage CAPEX	100% CAPEX	50% CAPEX	50%	-	Target Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
	budget spent	budget spent	budget spent			
Property management	Percentage occupancy rate	98% occupancy rate	98% occupancy rate	98.66%	0.66%	Target Achieved
	Number of properties that received a major maintenance upgrade	Two properties received a major maintenance upgrade	One property	Two properties	One property	Target Achieved
	Number of properties installed with prepaid electricity meters	Three properties	One property	One property		Target Achieved
	Number of properties installed with Wi-Fi	Four properties	Two properties	Two properties	None	Target Achieved
Safety and Security	Number of reported incidents per project per quarter	Less than three reported incidents per project per quarter	Less than three reported incidents per project	Two reported incidents		Target Achieved
Adherence to Corporate Governance Principles	Unqualified audit opinion	Unqualified audit opinion	-			Pending 2022/23 Audit Opinion
	Percentage compliance with laws	95% compliance with	95%	98%	3%	Target Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
	and regulations	laws and regulations				
	Percentage implementation of the strategic risk management action plan	100% Implementation of the strategic risk management action plan	100%	87%	-13%	Underperformance was mainly caused by financial constraints that resulted in some mitigations not being implemented timeously as the entity had to reprioritise. The Management Committee is to implement some of the mitigations that were not implemented during the Q2 post-budget adjustment.
Corporate Governance	Percentage resolution of Internal Audit findings	100% resolution of Internal Audit findings	30%	75%	45%	Target Achieved
	Percentage resolution of AG audit findings	100% resolution of AG audit findings	100%	78%		Underperformance was caused by three out of nine AG findings for the 2020/21 FY that had not been closed. An action plan developed to address the AG findings for the 2021/22 FY will address the three findings mentioned since they are part of the 19 findings raised.
Customer Centric	Percentage employee vacancy rate	5% employee vacancy rate	5% employee vacancy rate	1.28 %		Target Achieved
	Percentage employee satisfaction rating	70% employee satisfaction rating	-	Not due		This is an annual target and is progressing as planned. The employee satisfaction survey has resumed productively, with participation to date at 308 out of 507 employees, which translates as a 61% participation rate. The data is in the process of being analysed for reporting.
	Percentage customer	50% customer	50% customer	60%	10%	Target Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
	satisfaction rating	100% satisfaction rating	100% satisfaction rating			
	Percentage achievement of service standards	100% achievement of service standards	100% achievement of service standards	100%		Target Achieved

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

** Collection for SHRA-funded projects is only at 50%.

5.1 MITIGATION ACTION

5.1.1 Current Ratio and Solvency Ratio

The non-achievement of this target is the result of continued losses being incurred largely because of high provision for bad debts and high operating costs, mainly utility costs. The entity does not generate sufficient income to cover its operating expenses.

The entity's five-year strategic plan, which focuses on revenue-enhancement activities to improve the entity's financial sustainability, is under implementation as follows:

- Increase in management-fee income earned on projects implemented on behalf of other COJ entities – this strategy is being derailed by the halting of work on behalf of the Department of Human Settlements as a result of a high outstanding balance.
- Student accommodation – the pilot phase of this project is currently under implementation, with an occupancy rate of 100%. Year to date, JOSHCO has received R415 000 from student accommodation.
- Outdoor advertising – adverts are expected to be placed from this quarter.

Strategies to reduce expenditure are as follows:

- Staff costs: Physical security is being replaced with technology to curb high staff-overtime costs.
- Staff costs: Managers are intervening in their departments to reduce leave balances by ensuring that their subordinates take mandatory leave. The leave-reduction process has been communicated to employees as taking effect from 1 July 2022. All employees are now on ESS, where leave is automatically forfeited if not taken.
- Provision for bad debts: Refer to mitigations for debt collection below.
- Finance costs: Refer to cost-coverage mitigations below.
- Utilities: Prepaid meters are being rolled out in projects. A flat rate for water will be charged while the water meters are being sourced and installed.

5.1.2 Cost-Coverage Ratio

Non-performance of the cost-coverage ratio is caused by low cash balances and an overdraft because of the settlement of suppliers' invoices prior to receiving claims from the departments that JOSHCO is executing projects on behalf of.

The highest outstanding balance from the entities that JOSHCO is executing projects on behalf of is from the Department of Human Settlements. The matter of the outstanding balance with Human Settlements has been escalated to the Office of the City Manager for resolution.

Project managers have been employed in the Office of the Chief Operating Officer (COO) to support the work undertaken on behalf of the COJ departments. These project managers will also be responsible for following up on payments due to JOSHCO and for resolving any disputes arising from the invoices.

Regular engagements have resumed with COJ departments to follow up on outstanding invoices. The Finance Department is working with the COO's office to ensure the timely submission of invoices to departments that JOSHCO is executing projects on behalf of.

5.1.3 Collection in Respect of Current Debtors

The rental collection levels in respect of current debtors are low as a result of low rental collection across all projects. JOSHCO previously did not distinguish between City-owned stock and SHRA-

funded stock. From the City-owned stock that JOSHCO is managing on behalf of the Department of Housing, it has former staff hostels, temporary emergency accommodation and Covid-19 displacement accommodation. The dynamics of this stock affect the organisation's collection levels.

The following mitigation measures have been put in place:

- A process has been undertaken to remove all the City-owned public stock from JOSHCO's books and return it to COJ Housing in line with the Shareholder resolution. The properties that JOSHCO will be managing on behalf of the City will not form part of the SHRA-funded portfolio or reporting. The rental collection and day-to-day management budget will be for the account of the Department of Housing.
- To improve on collection, the JOSHCO Executive Committee has taken a decision to streamline all property-management functions under the Housing Management Department. The process is finalised through the organisational design process.
- To deal with long-outstanding debt, Management has sourced an additional four service providers that will collect debt on JOSHCO's behalf from the City. Each portfolio will have a debt collector who will focus on debt related to that specific portfolio. Payment to the debt collector will be performance driven; debt collectors will only claim payment once they have assisted in recovering the monies owed and will claim at a percentage.
- JOSHCO will now send bulk SMSs to encourage payment arrangements, collection of monthly statements at the site offices or getting the statements emailed to debtors.
- The numerous discount vouchers available per JOSHCO policy will continue to be offered to tenants.
- A tenant-engagement programme is currently being implemented to deal with all tenant matters to encourage rent payment.

SECTION 6: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

JOSHCO's relationship with the COJ as a parent municipality and the sole shareholder of the entity is formalised through various processes and documentation that include the Service Delivery Agreement (SDA) and the Shareholder compact. Section 93B(a) of the Municipal Systems Act stipulates under "Parent municipalities having sole control" that:

"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 have signed a five-year SDA that is reviewed annually, and the agreement outlines the entity's scorecard and seven service-level standards (SLS) that JOSHCO should adhere to when delivering its services to the Johannesburg communities.

JOSHCO reports on performance against seven pre-determined targets for SLS. The entity managed to achieve all seven standards in the quarter under review. The service standards agreed upon with the City cover the following:

- 98% accurate bills for all active customers;
- 96% of maintenance requests attended to within 14 working days;
- Routine building maintenance once per year and as required;
- Outcome of enquiry to be sent to application within five days;
- Outcome of the application communicated within 10 working days;
- Acknowledgement and response within 24 hours of a complaint being logged; and
- Resolution within five working days of a logged call.

Table 16 presents the entity's performance for the second quarter of 2022/23 related to the SLS. The entity managed to achieve all seven standards in the quarter under review.

Table 16: Service-Level Standard Performance as at 31 December 2022

Core Service	Service-Level Standard Target	October 2022	November 2022	December 2022	Q2	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills for all active customers	97.44%	99.16%	99%	98.5%	None	None
2. Attending to requests for maintenance	96% of maintenance requests attended to within 14 days of the logged call	100%	100%	100%	100%	None	None
3. Routine building maintenance	Once per year and as/when required	100%	100%	100%	100%	None	None
4. Application for rental housing	Outcome of enquiry to be sent to application within five days	Two days	One day	One day	One day	None	None
5. Application for rental housing	Outcome of the application communicated within 10 working days	Two days	Three days	Four days	Three days	None	None
6. Resolution of complaints	Acknowledgement and response within 24 hours of a complaint being logged	24 hours	24 hours	24 hours	24 hours	None	None
7. Resolution of complaints	Resolution of complaints/queries within five working days of a logged call	Two days	One day	One day	One day	None	None

6.1 MAINTENANCE PERFORMANCE AGAINST SERVICE STANDARDS (DETAILED)

For the quarter under review, the Housing Management Department completed **788 reported maintenance jobs** at the overall cost of **R6 711 681.88**, with the cost per unit estimated at **R1800** as per the revised new price list. These costs include planned maintenance upgrades such as repairing of children's playgrounds, painting of projects, DSTV connection upgrades, meter installation, security upgrades and fire-compliance activities. This amount is an indication of JOSHCO following a planned maintenance programme that is aligned with SHRA standards and norms. However, a bigger budget is necessary to ensure that the buildings are always compliant.

PORTFOLIO A	PORTFOLIO C	PORTFOLIO B
R1 803 804.42	R3 605 585.94	R1 302 291.91

6.1.1 Unplanned Maintenance per Portfolio and Collection Rate

The properties that are reported in these portfolios are the properties within JOSHCO's books. The Housing Management Department has re-arranged the portfolios in accordance with the Board resolution of 14 July 2022. There is a proposal to remove City referral stocks from the JOSHCO books. The properties covered in this report of portfolios exclude City referral stock. Reasons for excluding City referral stock from this report are covered in a comprehensive report that has been drafted to explain why City referral stock has an adverse effect on JOSHCO's rental collection performance.

Table 17a: Portfolio A

PORTFOLIO A	Maintenance Categories				Turnaround Time Target: 96% within 14 working days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
AA House	55	23	15	92	92	0	100%	85%
Europa House	4	2	3	9	8	1	98%	77%
Devland	26	13	48	87	86	1	98%	69%
African Diamond	33	2	6	41	39	2	90%	70%
Raschers	17	2	0	19	19	0	100%	57%
Hoek Street	1	2	1	4	4	1	75%	65%
Textile Building	7	3	7	17	16	1	94%	57%
Union Square	18	16	4	38	37	1	97%	84%
TOTALS	187	67	91	345	336	11	97.36%	70.50%

Table 17b: Portfolio B

PORTFOLIO B	Maintenance Categories				Turnaround Time Target: 96% within 14 working days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
Bellavista Infill	4	2	9	15	15	0	100%	92%
Bellavista Citrine Court	7	0	9	16	16	0	100%	78%
Kliptown Square	19	2	20	41	39	2	98%	28%
Kliptown Golf Course	5	2	5	12	11	1	99%	29%

Phoenix House	0	4	6	10	10	0	100%	94%
Turffontein	10	7	21	38	38	0	100%	66%
Orlando Ekhaya	11	0	8	19	19	0	100%	52%
TOTALS	56	17	78	151	148	3	98.42%	59%

Table 17c: Portfolio C

PORTFOLIO C	Maintenance Categories				Turnaround Time Target: 96% within 14 working days			
	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
Dobsonville	36	7	25	68	68	0	100%	69%
Fleurhof Junction	32	16	70	118	115	3	97.45%	65%
Fleurhof Riverside	9	2	4	15	15	0	100%	54%
Pennyville Rooms	10	2	1	13	13	0	100%	20%
Pennyville Flats	12	2	1	15	15	0	100%	
Roodepoort	45	4	14	63	63	0	100%	47%
TOTALS	144	33	115	292	289	3	98,97%	51%

- The overall JOSHCO portfolio collection rate for Quarter 2 is at 60.87%.
- Plumbing work involved 387 jobs, which made up 49.11% of the total work for Quarter 2.
- Electrical work involved 117 jobs, which made up 14.84% of the total work for Quarter 2.
- General repairs involved 284 jobs, which made up 36.04% of the total work for Quarter 2.

6.1.2 Planned (Proactive) Maintenance

A short-term maintenance plan is usually developed post budget approval in which critical projects that require a major upgrade are identified. For this quarter, the following planned maintenance initiatives were undertaken in accordance with the available budget:

1. Turffontein –security burglar doors and windows were installed.
2. Dobsonville – a mould challenge in all the units was addressed and airbricks were installed. The DSTV connection line that had been promised to the tenants at inception was installed. Encroachments onto the projects were addressed and a new boundary wall was erected. This will assist in finalising the outstanding OC matter.

6.2 CUSTOMER CARE UNIT AND FACILITIES MANAGEMENT

The Customer Service Unit currently comprises two subsections:

- Call Centre
- Facilities Management

6.2.1 Call Centre

Table 18 below lists the queries administered by the call centre over the Quarter.

Table 18: Queries Administered (Email, Hellopeter and WhatsApp)

Department	October	November	December	2nd Quarter Totals
Housing Leasing	93	117	56	451
Housing Other	4	4	3	4
Marketing And Comms	1	0	0	45
Legal	0	0	0	0
Revenue	9	2	4	2
Supply Chain	6	4	0	0
Development	2			0
Health & Safety	0			7
Finance	1	1		1
Community Development				0
Maintenance	5	1		2
Walk-ins	0			0
HR	13	14	2	0
Other				0
Total Email Queries	134	143	65	512
WhatsApp	6 290	6 978	3 510	21 062
Hellopeter	0	0	0	0
Total Queries	6 424	7 121	3 575	21 574

As indicated above, most email queries are responded to within the five-day SLS turnaround time.

Referred matters follow this process:

- A. On receipt of an email, an immediate response is sent out by means of an automated email that acknowledges receipt of the query or complaint.

- B. A call centre agent then addresses the specific query or complaint within an average of 24 hours in most cases, unless it is a weekend or public holiday or the system is offline.
- C. Only when the call centre agent is unable to resolve the matter directly is it referred to the relevant department.
 - i. Matters that are referred to the departments for resolution are sent to various people at different stages until they are resolved; e.g. a matter can begin with either the credit control or housing supervisor and be escalated daily until it is resolved. The last point of referral at JOSHCO is the CEO.
 - ii. The relevant department is reminded daily to respond to the query.

In the past quarter, JOSHCO received a total of 512 emailed queries or complaints, of which four were not resolved within the SLS agreement of five working days.

Table 19 below indicates the telephonic queries received and administered over the quarter.

Table 19: Telephonic Queries

Telephonic Queries				
Month	October calls	November calls	up to 21 December calls	2nd Quarter Total
Answered/Serviced	2 947	3 256	1 683	7 886

Concerns – reports of fraud and corruption

Allegations of fraud and corruption are a big concern. The scams have become very much a duplicate of JOSHCO's marketing style, making it difficult for the public to see these as scams. Despite awareness campaigns and all the measures taken to inform unsuspecting people, many members of the public still fall prey to such scams.

SECTION 7: ANALYSIS OF OCCUPANCY LEVELS PER PROJECT

7.1 RESIDENTIAL TENANCY

A full analysis of occupancy levels is provided in Table 20 below, which shows occupancy levels against the SHRA-required target of 98%. The core function of the Housing Management Department is to ensure that vacancies within the buildings are well managed and allocated within time.

Table 20: Occupancy Levels Per Project

Project Name	No. of Units	Vacancy	Occupancy	Occupancy Level
AA House	252	3	249	99.21%
African Diamond	61	10	51	83.61%
Bellavista Infill	36	0	36	97.22%
Citrine Court	79	1	78	94.47%
City Deep New	329	4	325	99.39%
Devland	255	0	255	99.61%
Dobsonville	502	8	494	99.40%
Europa House	167	2	165	98.80%
Fleurhof Ph. 1	452	6	446	98.23%
Fleurhof Ph. 2	252	0	252	99.60%
Hoek Street	265	5	260	98.11%
Kliptown Golf Course	936	7	929	99.25%
Kliptown Square	478	4	474	99.37%
La Rosabel	50	1	49	100.00%
Orlando Ekhaya 2	190	3	187	98.42%
Pennyville Flats	198	3	195	98.48%
Pennyville Rooms	564	1	563	99.82%
Phoenix House	135	1	134	98.52%
Raschers Building	95	1	94	100.00%
Roodepoort	432	3	429	99.54%
Textile Building	162	25	137	84.57%
Turffontein	525	0	525	100%
Union Square	341	2	339	99.41%
TOTAL	6 756	90	6 666	98.66%

7.2 COMMERCIAL TENANCY

JOSHCO has 53 rentable commercial spaces. The total vacancy is nine shop spaces and two advertisement sites. The total occupancy rate is 82.14% and the collection rate is 96%.

Three outdoor advertising spaces are currently being leased to Kena Media and Novo Media Marketing. Over the last three months, these spaces have generated total revenue of R170 000. The other vacant sites are being marketed for rental by media companies.

Table 21: Commercial Occupancy

Detailed Commercial Sector 2022/23			
Unit No.	Code	Tenant Name	Occupancy Status
283		16 Wolmarans (283)	

Shop 01	15383	AFRO Bangal General Trading	Occupied
Shop 02 & 03	15381 & 15380	Batagi Trading & Shaibal Barua	New lease 01/10/2022
Shop 04		Students TV Room	Student Accommodation
Shop 05	15379	Noble IT Solutions and General Projects CC	Occupied
298	23 Kerk Street (298)		
Shop 1		Denco Trading	Occupied
Shop 2	18237	Vacant	Vacant
Shop 3	18241	Vacant	Vacant
299	25 Kerk Street (299)		
Shop 1 & 2	18249	Noapara General Trading CC	Occupied
Shop 3	18248	Nokulunga Evidence Motha	Occupied
Shop 4	18247	Adesuwa Business Enterprise	Occupied
Shop 5	18246	Ogbonna Chidube Benson	Occupied
Shop 6	18245	Amalgamated Crace IT CC	Occupied
Shop 7	18244	Mpoi Monnecia Molapo	Occupied
Shop 8	18243	Vacant	Vacant
260	AA House (260)		
01	14488	Zonke Bonke Fashion CC	Occupied
02	14489	One Point Trading CC	Occupied
03	14490	NC Dentons Wholesales (Pty) Ltd T/A Dentons	Occupied
04	14491	NC Dentons Wholesales (Pty) Ltd T/A Dentons	Occupied
05	14492	Asseffa Import Export and Trading CC	Occupied
06	14493	Joellen Investments (Pty) Ltd	Occupied
07	14497	Asseffa Import Export and Trading CC	Occupied
08	14494	Nishatih General Trading CC	Occupied
09	14495	Shanah Malothi General Trading CC	Occupied
10	14498	Zonke Bonke Fashion Close Corporation	Occupied
11	14496	Locoflash Trading CC	Occupied
294	Booysens Place (294)		<i>(Under Construction)</i>
Office 22	18252	DT Measurement	Occupied
Shop 102	18014	SA Wholesalers	Occupied
Shop 104	18016	Hyper Paint	Occupied
Shop 105	18018	Indian Classic Foods (Pty) Ltd	Occupied
Shop 106	18019	DSN Bearings & Suppliers	Occupied
Shop 107	18015	Lesley's Pharmacy	Occupied
Shop 109	18012	Chesa Nyama	Occupied
Shop 110	18017	Vacant	Vacant
Shop 112	18089	Ebandleni Supplies CC	Occupied
295	NBS (295)		<i>(Under Construction)</i>
Shop 1	18040	OK Furniture	Vacant
Shop 2	18043	Ms Angela Jena	Occupied
Shop 3	18044	Pepkor	Occupied
Shop 4	18042	Nedbank	Vacant
Shop 5	18041	Cell C (Pty) Ltd	Vacant
Shop 6	18051	Wireless Business Solutions (T/A Broadlink)	Vacant
269	Raschers (269)		
Shop 1	18021	M & B Hair Salon	Occupied
Shop 2	18022	Khayaalethu	Occupied

Shop 3		Vacant	Vacant
Shop 4	18039	Thomas Donkor Trading Enterprise CC	Occupied
282	Union Square (282)		
Shop 1	15255	Manuel Sardinha De Ponte E Sousa	Occupied
Shop 2	15248	Woldgebrael Trading (Pty) Ltd	Occupied
Shop 3	15249	Standley Hilton Berger	Occupied
Shop 5	15256	The Sattian Traders CC	Occupied
Shop 7	15250	Bashir Ahmed Seedat T/A Trust Cosmetics	Occupied
Shop 8	15251	Dr M.S. Mohamed	Occupied
Shop 9	15252	Tumudi	Occupied
Shop 10		Incavix	Occupied
		Phoenix House	
Shop 1		Sisters Spaza shop	Occupied
Detailed Site Advert Sector 2022/23			
Property	Occupancy Status		Lessee
Union Square	Percipient Media CC		Taken but not yet loaded on MDA
African Diamond	Taken not yet contracted		Vacant
Phoenix	Taken not yet contracted		Taken but not yet loaded on MDAN
Pennyville	Vacant		Vacant
16 Wolmaransstad	Taken by Services Provider		Taken but not yet leased

SECTION 8: JOB CREATION AND SMME EXPENDITURE

Table 22 below reflects the expenditure on SMMEs from projects where construction activities were carried out during the second quarter. The amounts captured under CAPEX spent on construction are based on construction invoices and therefore exclude professional fees, statutory fees and other fees not directly related to construction activities.

Table 22: Projects That Contributed to the KPI: SMME Expenditure

Project	Construction Expenditure	SMME Expenditure	% Spent
Princess Plots	R1 989 526.58	R3 389 961.37	170%
Lufhereng	R726 842.53	R42 465.00	6%
Nancefield	R23 422 003.41	R2 929 672.29	13%
Riverside	R19 183 620.77	R824 146.21	4%
Devland	R7 803 309	R7 821 412	270%
TOTAL	R46 598 291.51	R14 627 044.87	30.4%

SMME expenditure of 30.4% was achieved in this quarter. It must be noted that there was a reduction in SMME activity as contractors were unable to pay SMMEs owing to non-payment by

JOSHCO. The reduction in activities resulted in a slight drop in CAPEX spent of 1.6% as compared to the first quarter, where 32% was recorded.

Expanded Public Works Programme (EPWP)

The EPWP is a strategic government programme aimed at alleviating unemployment and increasing economic growth. It also assists with skills development and training. The entity managed to create 172 jobs in the second quarter, resulting in a cumulative number of 410 jobs for the year.

EPWP opportunities were created for workers that provide services related to administration, cleaning and gardening at the projects listed in Table 23.

Table 23: EPWP Participants for the Quarter

Project Name / Office	Services	No of Participants per Quarter	Female	Male
AA House	Cleaning	15	13	02
Anthea	Cleaning	02	01	01
Casa Mia	Cleaning	17	09	08
City Deep	Cleaning	05	01	04
Devland	Gardening	03	01	02
Dobsonville	Cleaning	06	05	01
Europa House	Gardening	04	03	01
Fleurhof	Security	04		
Fraser	Cleaning	05	01	04
Head Office	Administrators / Data Capturers	45	17	28
Hoek Street	Cleaning	12	12	0
Jeppeshtown	Cleaning	01	01	0
Kliptown Golf Course	Cleaning	20	11	09
Kliptown Square	Cleaning	26	12	14
Skosana Court	Cleaning	11	07	04
Turffontein	Cleaning	09	0	09

Project Name / Office	Services	No of Participants per Quarter	Female	Male
Tshedzani	Cleaning	12	02	10
TOTAL		172	100	72

Business Process Reengineering Progress

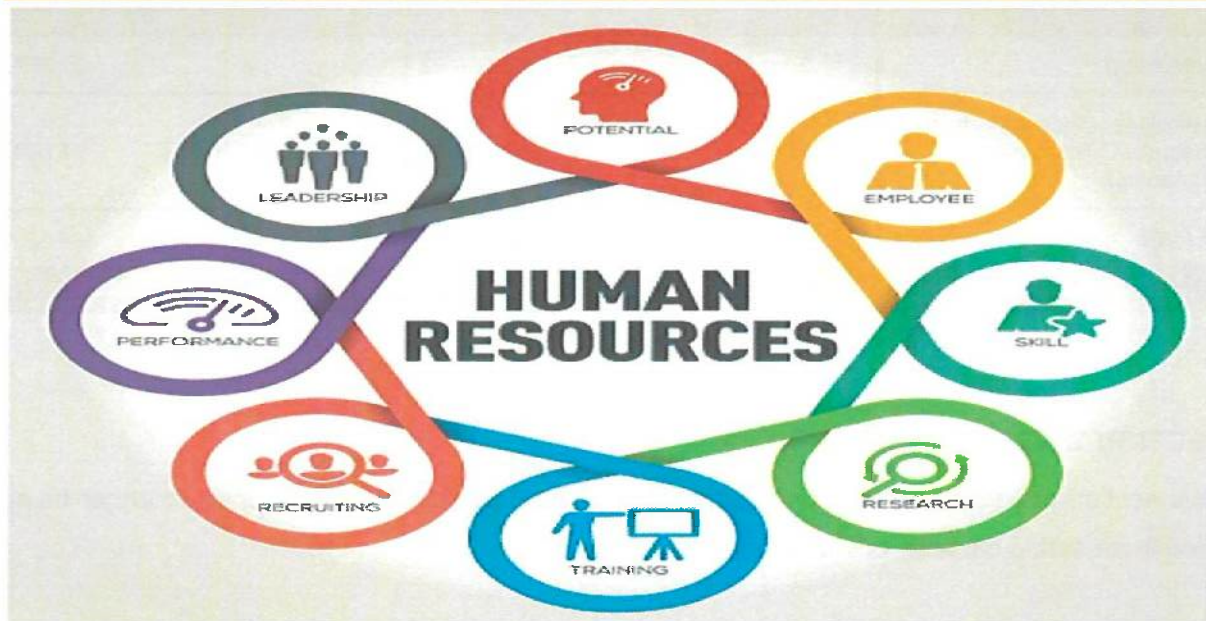
JOSHCO commenced with a Business Process Improvement Programme (BIP) from the third quarter of 2021/22, with the aim of improving the organisational core performance indicators. The programme analyses the JOSHCO procedures to identify areas where JOSHCO can improve accuracy, effectiveness and/or efficiency and then redesigns those processes to realise the improvements.

During the second quarter, the BIP team concluded mapping out the “As-Is” process flows for all departments and began focusing on further analysing business processes from a lean perspective in order to move towards the desired future state. This requires an in-depth understanding of the processes, constraints, risks, non-value-adding and wasteful activities, issues and frustrations.

The team identified the root cause of several challenges and has provided viable recommendations or potential solutions. These include the use of system automation and IT solutions that already exist within the Microsoft Office 365 suite, for which JOSHCO has licences. Productivity tools such as Planner, Lists, Teams, SharePoint, Power Automate, Power Apps and Power BI are already available to employees and need only be optimally utilised through training or experimentation learning.

Digital transformation is essential for moving forward and replacing manual, paper-driven processes with optimised IT-system-driven processes. With the introduction and integration of Business Intelligence tools into these processes, the creation of a dashboard and other reporting instruments will allow managers to better monitor their departments' performance and allow for appropriate and timeous decision making. Research has commenced on the potential for implementing electronic document-management and digital-signing software in the near future.

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



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

This section provides the total employee remuneration costs, including the remuneration of executives, as summarised in Table 24 below. In the table, the salary costs include costs for all permanent, fixed-term employees and exclude Board fees.

Table 24: Personnel Cost by Occupational Level as of 31 December 2022

Occupational Level	No. of Employees	(R'000) Personnel Expenditure	% of Total Personnel Cost	(R'000) Average Cost per Employee
Top Management (CEO, CFO, COO)	3	1 374 726.57	5%	458 242.19
Executive Managers	4	1 429 599.96	5%	357 399.99
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	28	6 298 856.63	21%	224 959.17
Skilled, Tech & Academically Qual. (H-Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint. Worker and Admin)	114	9 993 375.83	33%	87 661.19
Semi-Skilled (Driver)	3	120 588.30	0%	40 196.10

Occupational Level	No. of Employees	(R'000) Personnel Expenditure	% of Total Personnel Cost	(R'000) Average Cost per Employee
Internship	9	286 000.02	1%	31 777.78
Unskilled (Office Attendants, Security Officers and Cleaners)	355	9 598 094.86	32%	27 036.89
EPWP	209	966 125.70	3%	4 622.61
Total	725	30 067 367.87	97%	41 472.23

SECTION 2: KEY VACANCIES

This section provides reporting on vacancies that were acted on, with the position either being filled in an acting capacity or via recruitment.

Table 25: Acting Appointments

Designation	Current – Acting Role	From	Comments
Legal Officer	Company Secretary	01 November 2022 to 31 December 2022	Acting because of a resignation
Property Supervisor	Portfolio Manager	01 November 2022 to 31 January 2023	Acting because position is vacant
HR Officer	HR Manager	01 November 2022 to 31 January 2022	Acting because of suspension
Project Manager	Senior Project Manager	01 August 2022 to 31 October 2022	Acting because position is vacant
Risk Manager	Supply Chain Manager	01 December 2022 to 31 January 2023	Acting because of suspension
Project Supervisor	Special Projects: Manager	01 December 2022 to 31 January 2023	Acting because position is vacant
Portfolio Manager	Executive Manager: Housing Management	01 December 2022 to 31 January 2023	Acting because of suspension
EUC Technician	End User Server Support Specialist	18 November 2022 to 17 February 2023	Acting because position is vacant
EUC Technician	End User Server Support Specialist	18 November 2022 to 17 February 2023	Acting because position is vacant

Table 26: Finalised Appointments

Position	Vacancies	New Position / Replacement	Status
Supply Chain Manager	1	New Position	Finalised
Monitoring and Evaluation Specialist	1	Replacement	Finalised
Compliance Specialist	1	Replacement	Finalised
Senior ICT Manager	1	Replacement	Finalised
HR Officer: Payroll	1	New Position	Finalised
Executive Assistant: Corporate Services	1	Replacement	Finalised
Manager: Planning and Performance	1	Replacement	Finalised
Internal Auditor	7	Contract positions	Finalised
Total	14		

Table 27: Recruitment in Progress

Position	Vacancies	New Position / Replacement	Status
Finance Manager	1	Replacement	Re-advertise
Special Projects Administrator	1	Replacement	Interview Stage
Company Secretary	1	Replacement	Interview Stage
Special Projects Administrator	1	New Position	Interview Stage
Manager: Legal Services	1	Replacement	Appointment Stage
Senior Internal Auditor	1	New Position	Advert Stage
Legal Officer	1	Replacement	Approval Stage
Applications Administrator	4	New Position	Interview Stage

Position	Vacancies	New Position / Replacement	Status
Quality Assurance Officer	1	Replacement	Advert Stage
Administrator: Stakeholder	1	Replacement	Advert Stage
Executive Assistant: COO	1	New Position	Advert Stage
Senior Stakeholder Manager	1	New Position	Advert Stage
Social Facilitator	1	Replacement	Appointment Stage
Total	16		

SECTION 3: EMPLOYMENT EQUITY

This section provides information on how the entity has performed in response to the requirements regarding employment equity (EE) for the quarter under review.

3.1 EMPLOYEE EQUITY AND SKILLS DEVELOPMENT (EE/SD) MEETING

- An EE/SD committee meeting was held on 08 December 2022.
- The revised EE plan, as per the advice from City Core, is in its final stage and should be completed by Quarter 3.

3.2 REPORTING

- The quarterly monitoring report reflecting the EE status was submitted as required by the City.

3.3 EMPLOYEE EQUITY PROFILE

- Table 28 below reflects the EE profile of the Company.
- There has not been any change in the EE target of 10 staff members, five females and five males with profiles from both the skilled and unskilled staff.
- The racial profile is highly skewed towards black people as defined in the Act.

Table 28: Employee Equity Numbers

Employment Equity Profile													Grand Total
Occupational Level	Male				Female				Foreign Nat.		Local		
	A	C	I	W	A	C	I	W	M	F	M	F	
Top Management	2	0	0	0	1	0	0	0	0	0	2	1	3
Senior Management	2	0	0	0	2	0	0	0	0	0	2	2	4
Professionally Qualified / Middle Management	16	0	0	2	3	0	1	0	2	1	18	9	27
Skilled Technically and Academically Qualified	47	3	0	0	57	5	1	1	0	0	50	64	114
Semi-skilled	0	0	0	0	4	0	0	0	0	0	0	4	4
Unskilled	160	2	0	0	190	3	0	0	0	0	162	193	355
TOTAL	227	5	0	2	262	8	2	1	2	1	234	273	507

3.4 AGE PROFILE

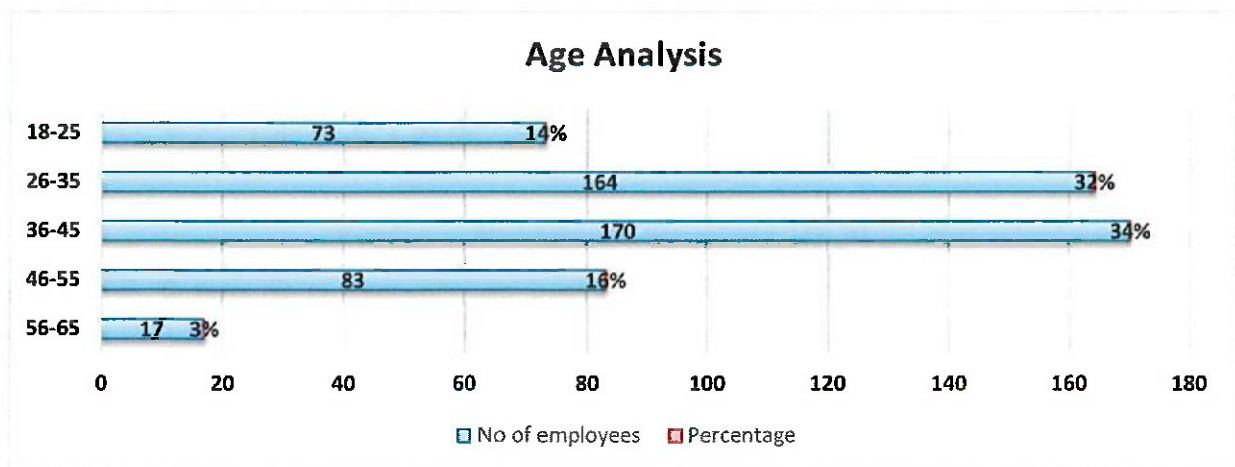


Figure 4: Employee age

- A total of 46% of the workforce is classified as youth; this is in line with the strategy to reduce the unemployment rate of the youth.
- The majority of JOSHCO employees fall within the 36 to 45-year age bracket.

Table 29: Terminations During the Quarter

Department	Reason	End Date
Finance	Resignation	31 October 2022
Operations Department	Resignation	31 October 2022
Housing Development	Mutual Separation Agreement	31 December 2022
Total: 3		

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

4.1 BURSARIES FOR 2022/2023

- Information regarding bursary applications was issued to all staff in October 2022 for the January 2023 intake. A total of 46 applications were received. The Bursary Committee met, and a decision was taken to fund only continuing studies because of budgetary constraints. This resulted in 21 applications being funded by JOSHCO. The bursary process for 2022/2023 is expected to be completed in Quarter 3.

4.2 TRAINING INTERVENTIONS

- PSIRA refresher training was conducted for Security employees.
- Employment Equity training was conducted for Skills Development and Employment Equity Committee members.
- Customer Care training commenced with the Call Centre Department.

4.3 WORKPLACE SKILLS PLAN AND ANNUAL TRAINING REPORT

- Two requests for quotations were advertised and finalised in Quarter 2. Training is expected to be conducted in Quarter 3.

SECTION 5: PERFORMANCE MANAGEMENT

Table 30: Performance Management

Department	Performance Agreements Submitted
Office of the CEO (Exec, Internal Audit, Legal & COSEC)	13
Office of the COO (Housing Management, Housing Development, Stakeholder Management, ICT)	38
Business Planning & Strategy	6
Finance (Revenue, SCM & Finance Core)	10
Corporate Services (HR, Comms, CC)	17
Total	84

As a result of several factors, the signing of performance scorecards still presents a challenge. With the job-profile process concluded, it is envisaged that there will be an improved uptake of performance contracting in Quarter 3, as the Human Resources Department intends to roll out road shows to educate staff on the performance-management system.

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

This section reports on the status of the entity regarding disciplinary hearing(s), grievances, investigations, appeals and suspension. It should be noted that resources were sourced to assist with presiding over these matters; however, for a number of reasons the matters could not proceed as scheduled. The entity is in the process of acquiring a service provider to capacitate JOSHCO management in presiding over and presenting disciplinary matters.

Disciplinary Matters as at 31 December 2022

The entity has eight outstanding matters. Some of these matters are historical, stemming from over 12 months ago. This has led to engagements to settle these matters as they have exceeded their time. The Human Resources Department has scheduled a meeting with all relevant role players to address possible challenges that managers and supervisors are encountering in dealing with disciplinary matters.

Table 31: Disciplinary Outcomes

Sanction	No. of Employees
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0
Suspension	3
Demotion	0
Total	3

Comments

As an intervention to capacitate line managers, a training service provider has been appointed and training will be held in the first week of February 2023.

Grievance Matters as at 31 December 2022

The quarter closed with three grievances, two of which were outstanding:

- Salary review – the new grades and salary bands for the entity were finalised, with some of the work conducted by a service provider.
- Salary parity – in addressing the salary parity issues a request for a budget adjustment on the employee cost line item was made, and this was recently rejected. The entity will explore other avenues to find the funding required.
- Recruitment and selection – there is an outstanding grievance on a particular recruitment process concerning the omission of applicants in the longlists. Colleagues that have raised this grievance are being engaged.

SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hours' Policy, JOSHCO employees are entitled to 24 days of leave per annum to be taken at a time convenient to JOSHCO and agreed upon by management. Eighty sick-leave days in a three-year cycle are also provided to staff. Table 32 below provides a detailed overall leave-management analysis.

Table 32: Leave-Taken Analysis

Type of Leave	October	November	December	Total Leave Days Taken
Annual	170	79	273	522
Sick	0	13	4	17
Family Resp. Leave	0	0	0	0
Study Leave	8	35	2	45
Maternity Leave	2	0	0	2
Total	180	127	279	586

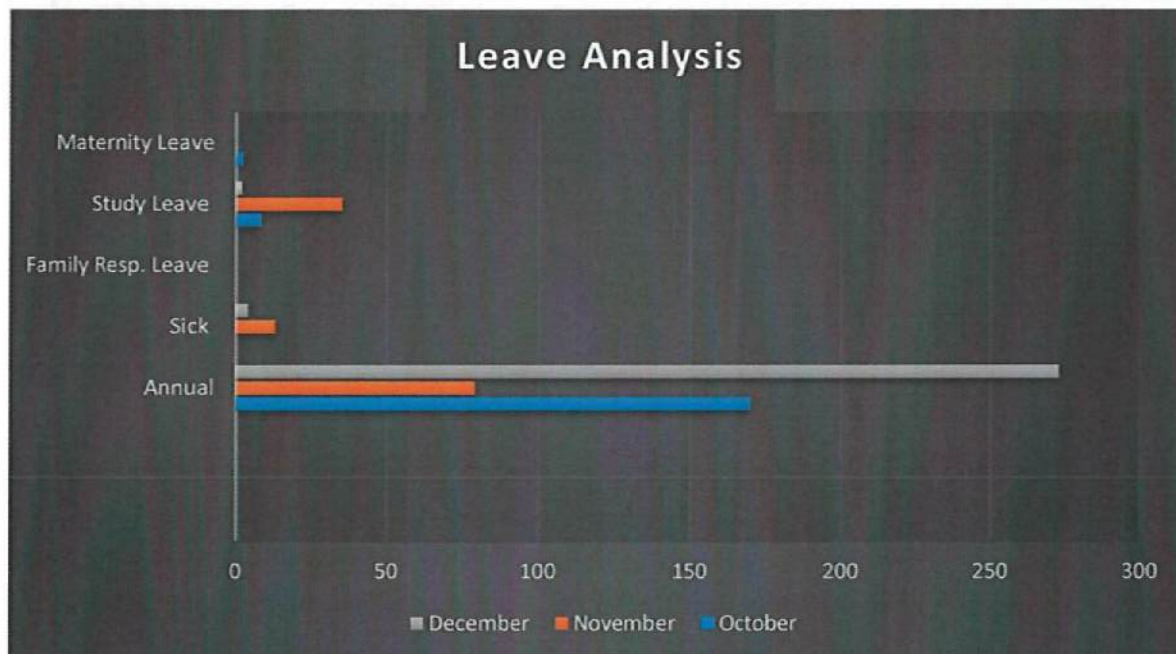


Figure 5: Leave analysis

SECTION 8: OVERTIME MANAGEMENT

JOSHCO is committed to complying with the Basic Conditions of Employment Act, hence the need for a written organisational policy on overtime to guide and regulate the compensation of overtime. While the Human Resources Department is undergoing the review of the overtime policy, compliance is obtained by ensuring that:

- Written authorisation has been provided in advance for the work;
- The employee has agreed to such overtime;

- The monthly compensation for overtime constitutes less than 30% of the employee's monthly salary.

However, with the recent communication from the City Manager regarding cost containment on overtime and other line items, the entity plans to implement stringent measures on overtime and acting-allowance requests in an attempt to bring these costs down.

SECTION 9: EMPLOYEE WELLNESS

- On 01 December 2022, a wellness event was held with the theme "JOSHCO WE CARE". This event encompassed voluntary HIV testing, eye screening, coaching and Body Mass Index (BMI) testing, among other things.
- A wellness tender was approved on 14 December 2022 and the committee appointed ICAS as a service provider to provide counselling and wellness services.
- With the appointment of ICAS, a vaccinations drive will be rolled out in the coming months; this will include the flu vaccination, and a focus on the Covid-19 vaccination will be intensified within the entity.

SECTION 10: EMPLOYEE BENEFITS

10.1 RETIREMENT FUND

Staff members are affiliated to the E-Joburg Retirement Fund. Contributions are calculated at 7.5% of the member's basic monthly salary, with the employer's contribution being 18% of the basic monthly salary.

10.2 MEDICAL AID SCHEME

Employees are eligible for a medical aid subsidy. The employer's contribution to this subsidy is 60% up to a maximum of R5 007.07 and the employee's contribution is 40%, depending on the number of dependents.

10.3 LOCOMOTIVE ALLOWANCE

Depending on the nature of their job specifications, some employees are eligible for a travel allowance.

SECTION 11: OCCUPATIONAL HEALTH AND SAFETY REPORT

The purpose of this section is to describe how JOSHCO complies with all the applicable legislation and, where appropriate, implements additional measures to ensure health and safety at head office and projects. It also serves to update the committees and JOSHCO management on the progress made on Project Health & Safety.

Table 33: JOSHCO Staff Incidents (Covid-19 Cases)

Total Number of Staff Members Tested for Covid-19 in Q2	Total Covid-19 Positive Cases	Total Active Cases	Total Fatalities	Total Direct Contacts Sent for Testing	Total Staff Vaccinated
00	00	00	00	00	00
In the first half of the FY, the entity has recorded 00 new cases thus far, 00 recoveries and 00 fatalities. No direct contacts have been referred for Covid-19 testing and 00 staff members have been vaccinated for Covid-19.					

Table 34: JOSHCO Injury on Duty (IOD) and Fire Incidents

Total Fire Incidents	Total IODs	First Aid Incidents	Total Property Incidents	Total Fatalities
01	02	01	01	00
In Quarter 2, 01 fire incident, 02 IODs, 01 first aid incident, 01 property incident and 00 fatality cases were recorded.				

The details of these incidents are as follows:

- On 04 October 2022 at approximately 08h00, the Turffontein perimeter fence caught fire. It is alleged that the fire started from the yard behind the JOSHCO project. Six dry chemical powder extinguishers were used to extinguish the fire before the City of Joburg Emergency Management Service (COJ EMS) arrived on the scene. On its arrival, the COJ EMS found

that the fire had already been extinguished and assisted with a damping-down process. A Fire Call reference number 007 was logged by COJ EMS (fire incident).

- On 09 November 2022 at approximately 12h30, Mr Moeketsi Kometsi's left leg was bumped into by a car (IOD).
- On 09 December 2022 at approximately 03h00, Fleurhof Junction was hit by a hailstorm. The following parts of the building were badly affected: roof tiles, fascia boards and ceilings (property incident).
- On 12 December 2022 at approximately 10h00, Mr Neo Moroa was injured by a stapler and sustained a minor laceration on his left thumb (first aid incident).

11.1 HEALTH AND SAFETY TRAINING

Procurement of training was concluded to re-train the Health and Safety Team members whose certificates will be expiring in March 2023. Training dates will be communicated duly in the next quarter.

11.2 HEALTH AND SAFETY MEASURES

- A Health and Safety induction was presented to 21 Community Development EPWP members.
- An evacuation procedure was developed and forwarded to Housing Management (Portfolios) for display to improve emergency response.
- The Health and Safety Policy was displayed.
- A site-inspection checklist was developed and forwarded to Housing Management (Portfolios) to be used in performing spot checks.

11.3 SITE VISITS AND INSPECTIONS

An inspection report was compiled and forwarded to the Housing Management Department to implement corrective action in terms of the findings at the sites visited as follows: Raschers, AA House, Hoek, Europa, Larosabel, Textile, African Diamond and Selby. The following findings were noted:

- Disclaimer signs needed to be installed at Selby – Not yet corrected.
- Extinguishers' pressure had dropped at Larosabel and AA House – Corrected.
- Hose reel had no (pressure) sticker at African Diamond – Not yet corrected.
- Fire signs were required to be installed at the visited projects – Not yet corrected.

- The assembly point needed to be designated at the visited projects – Not yet corrected.
- Load test certificates required for the lifts – Not yet corrected.
- Fire sprinkler and detector system needed to be serviced – Not yet corrected.
- First aid boxes needed to be installed at the visited projects – Not yet corrected.

SECTION 12: MARKETING AND COMMUNICATION

This section of the report highlights the performance of the organisation in terms of its marketing and communication objectives. For this quarter, these objectives focused on educating the public and tenants about JOSHCO's operations and processes, enhancing JOSHCO's visibility and building an online community by accentuating transparency. The organisation achieved a total of 23 activations during the quarter, ranging from tenant outreach, staff and wellness events, and online education campaigns to community engagement and awareness. The quarter ended with an organisation-wide meeting, which took place on 13 December 2022 at the JOSHCO head office. The meeting addressed the 2022/23 Quarter 1 performance highlights, the Auditor-General's findings and the Quarter 3 priorities.



12.1 TENANTS' OUTREACH PROGRAMME

The tenants of JOSHCO are the heart and soul of the organisation. This reinforces the need to maintain sound relations with tenants by listening to, engaging with and providing feedback to them via the Tenants' Outreach Programme. This programme is delivered in collaboration with other entities such as the SHRA, National Housing Finance Corporation (NHFC), Department of Human Settlements and Ward Councillors. In this way, JOSHCO stretches its function to ensure that tenants are empowered with information and that they engage on the spot. During Quarter 2, the organisation delivered four tenant outreach activations at the projects of Devland, AA House, Fleurhof Riverside and Union Square.



12.2 WORLD AIDS DAY COMMEMORATION

JOSHCO's wellness programme aims to improve the general health and well-being of its staff members. This year's commemoration of World AIDS Day focused on screening, coaching and consultations with various health practitioners. The programme lasted the entire day, with staff conducting HIV, TB, blood sugar, blood pressure and cholesterol tests, and performing breast and eye screening. The turnout was good, and the event proved to be a much-needed intervention. The message of the day was: "No shame in disclosing your HIV status, Live life to the fullest."



12.3 MOVEMBER – MENS' HEALTH DIALOGUE

A men's health awareness dialogue was held on 24 December 2022 and was led by the CEO alongside the COO. The objective was to address men's health issues, including mental health, financial health and emotional well-being, and to discuss how men can support each other in achieving their desired state of wellness. Three guests and activists addressed the men: Prof. Mbulelo Dyasi, Xolani Gama and Nicholas Khauli.

The dialogue was conducted as a closed session, which allowed the participants the space to speak freely and openly about their experiences and challenges.



12.4 ACTIVISM MARCH AGAINST GENDER-BASED VIOLENCE

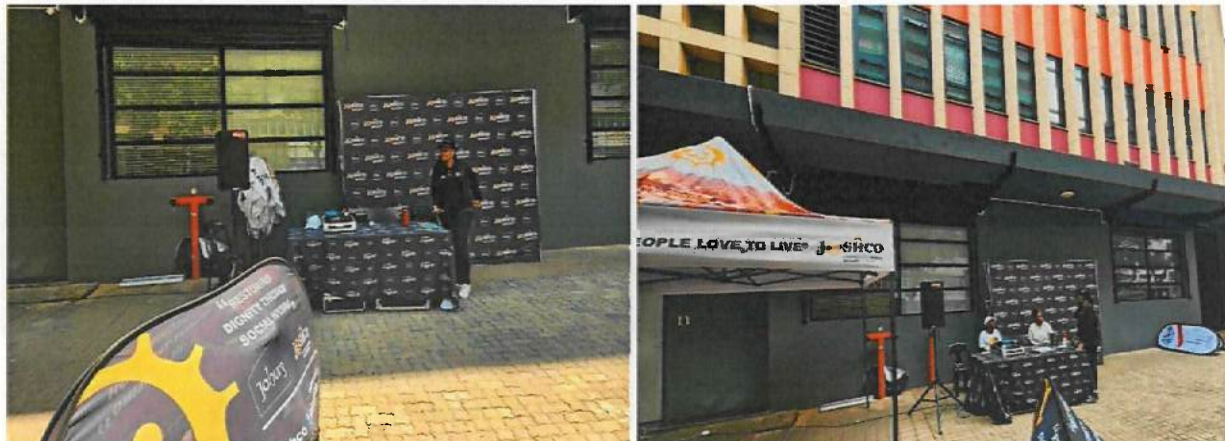
JOSHCO partnered with the Department of Social Development, Gender Links and VIA (Voice It In Action) to host a march against gender-based violence (GBV) on 25 November 2022.

The 4 km march from JOSHCO's Hoek Street project to the Johannesburg Art Gallery in the Inner-City was targeted at tenants and staff affected by GBV directly or indirectly. The march was the first part of the programme and was followed by a sitting to address and debate the causes of GBV and to propose prevention and intervention strategies to be employed at JOSHCO properties.



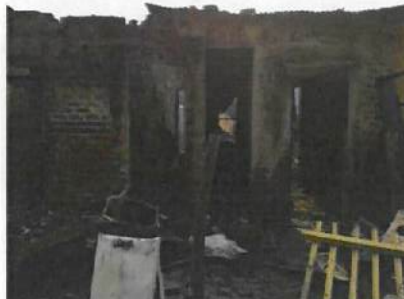
12.5 HEAD OFFICE POP-UP

The marketing team held a pop-up activation at the JOSHCO head office on 10 November 2022 to make the public aware that the head office is officially open for business and to share information on how to apply for JOSHCO rental accommodation. The pop-up will boost JOSHCO's visibility going forward as it will be launched as a physical and online campaign.



12.6 DONATION DRIVE

A donation drive was delivered in partnership with the community of Kliptown following a fire outbreak at the Vaalkamers Squatter Camp that destroyed over 20 homes and left families destitute. JOSHCO was requested to assist with donations of food, clothes and blankets to assist the families affected by the fire. A few of JOSHCO's staff members donated clothing items, which were handed over on 31 October 2022 at the Kliptown Community Hall.



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Izakhamizi zase Kliptown emaflethini zizolekelela abagilwa abahaqwa umlilo emjondolo eKliptown emasontweni edlule.

Imnikelo yezimpahla ukulekelela abagilwa ukuthi bakwazi ukuqhubeka nempilo.



12.7 HUMAN SETTLEMENT DAY EXHIBITION – UN HABITAT TOUR

The Executive Director of UN-Habitat visited the City on 16 and 17 October 2022 as part of her week-long visit to South Africa to launch the Global Action Plan. This plan supports the achievement of the 2030 Agenda for Sustainable Development with the accelerated global action required to make cities and human settlements inclusive, safe, resilient and sustainable. The plan also aims to ensure access for all to adequate, safe and affordable housing and basic services, and to upgrade slums and squatter camps. A delegation of 200 visited the Council for Scientific and Industrial Research (CSIR) in Pretoria after a walkabout in Fleurhof and after passing through

an exhibition held at Thokoza Park in Soweto. JOSHCO shared profiles of its Lufhereng and Fleurhof Riverside projects.



12.8 OPEN DAYS

JOSHCO participated in three Regional Open Days (in Regions A, B and E). These Open Days formed part of the City's ongoing efforts to improve customer service and take its services to the residents, with the aim of attending to queries logged at respective customer service centres. JOSHCO seized the opportunity to share information about its services and processes. On all occasions, residents showed an interest in affordable rental accommodation and expressed their wish to become JOSHCO tenants in the near future.



12.9 ONLINE CAMPAIGNS

Online campaigns are a quick and easy way to reach the public. The organisation capitalised on the use of digital platforms to expand its reach, increasing its following with a growth of over 1 000 new followers on Twitter and over 10 000 on Facebook.

The post-boosting technique with which corporate messages and targeted campaigns were amplified has shown a significant impact on the many JOSHCO platforms. The organisation received overwhelmingly positive feedback following the educational video that was produced and distributed in collaboration with the Nkoanes, famously known as “Mzansi’s Greatest Family”.

The educational video went viral on TikTok with over 122 000 views and close to 5 000 likes. It also hit over 2 600 views on Twitter, with over 100 000 views on Facebook and over 4 300 likes and 27 shares.



SECTION 13: COMMUNICATION PRODUCTS

Communication products are essential for promoting JOSHCO's corporate image and fostering good relations with stakeholders. This quarter, like the previous quarter, has seen a significant increase in the number of products disseminated, with a total of over 70 communication products distributed to internal and external stakeholders. The majority of the products have been distributed electronically and include flyers, infographics, notices, project leaflets, awareness posters and motion pictures/videos.



SECTION 14: MEDIA LIAISON AND MONITORING

JOSHCO received and responded to media enquiries from three stables:

- Daily Maverick
- The Sunday Times
- News 24

In this quarter, JOSHCO's story coverage was low in comparison to the previous quarter.

- A positive story appeared in the Roodepoort Record, while a negative one appeared on Newzroom Afrika.
- Positive coverage was linked to the Florida Lake swimming pool repairs and maintenance project.
- Negative coverage was influenced by a letter that was leaked informing suppliers about the inability to pay for their services.
- Other coverage was linked to Kya Sands informal settlement service delivery. Cllr Mark Van der Merwe claimed that the national government had provided funding for the upliftment of the Kya Sands informal settlement.

In the next quarter, the Marketing Department plans to intensify the use of radio adverts, promotional news flashes, press releases, newspaper advertorials and digital advertisements. This will grow JOSHCO's media footprint and expand its reach alongside other promotional activations.

The organisation has also concluded the appointment of a service provider to assist with public relations services. This will assist with generating content that highlights JOSHCO's work and the impact that the organisation has on the many communities it serves.

Good coverage is projected for Quarters 3 and 4 respectively following the number of CAPEX projects lined up for launching. The opening of applications along with the official handover of keys to beneficiaries will also increase JOSHCO coverage.

The Marketing Department will facilitate interviews leading up to the aforementioned activities and rollout of JOSHCO's pop-up campaign, with the aim of creating great hype around the JOSHCO brand.

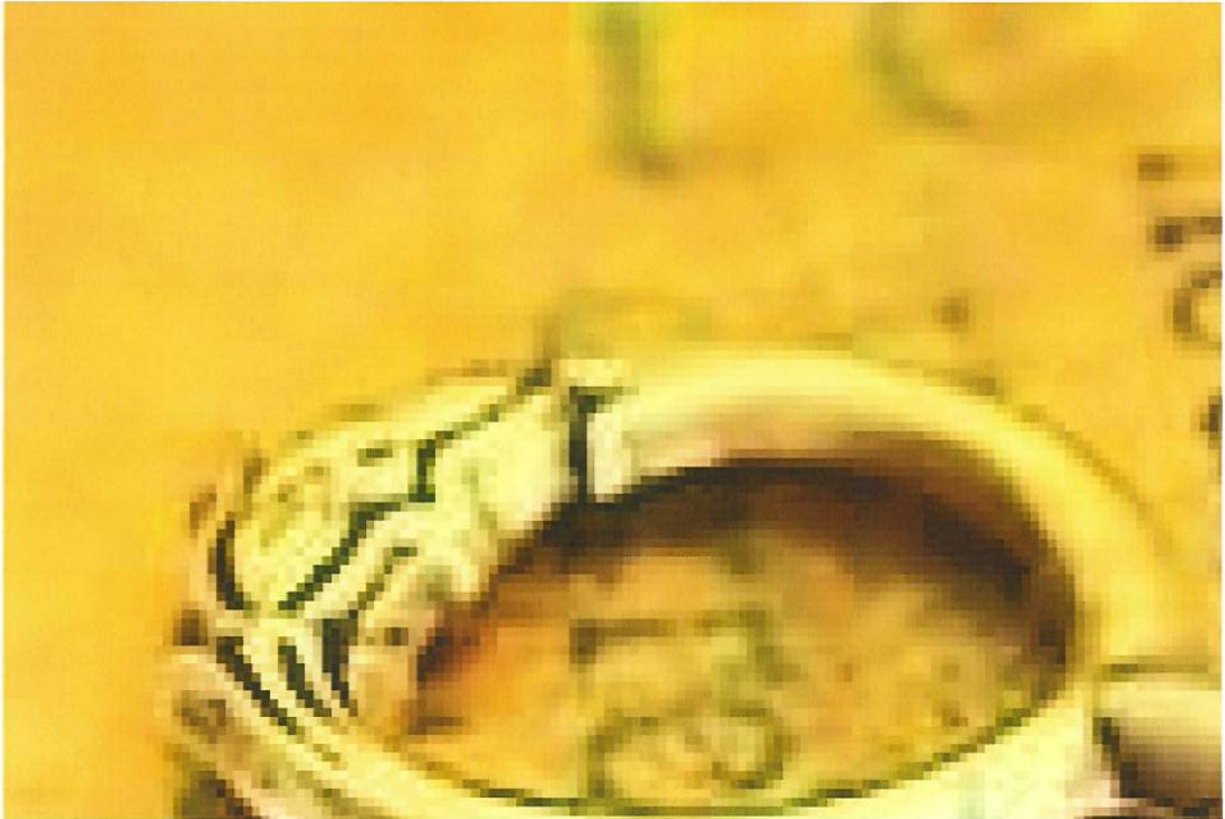
Table 35: Summary of Media Coverage and Articles: October – December 2022

Source & Date	Summary of Queries	Analysis	Article Brief
Randburg Sun 9 October 2022	Has the government delivered on its promises to the Kya Sands community?	POSITIVE	<p>Bishop Romeo Hudson and Jeremiah Rapola, the building supervisor, rescued the owl from the bottom of the gutter downpipe, said the centre. Cllr Mark Van der Merwe says that the national government has provided funding to the provincial government so that the municipal government could uplift the Kya Sands Informal Settlement.</p> <p>"I do believe the count is around 16 in and around the City of Johannesburg. Soon after my swearing-in on November 22, I was called to a meeting with JOSHCO (Johannesburg Social Housing Company) and introduced to a plan that they wanted me to launch ASAP. That was around mid-January 2022." Van der Merwe said he attended the meeting with enthusiasm but was eventually left in total shock at the utter incompetence of JOSHCO and how they ran the previous phase 2 part of the project with absolutely no oversight of contractors. He added that some of the top issues remained unresolved.</p> <p>Earlier in the year, the lack of electricity seemed to be major a problem for the residents of the Kya Sands informal settlement and seeming laced [sic] a domino effect on the residents of North Riding and its surrounds. Residents had gathered at the Houtkoppes Substation in May 2022 after being tormented by power outages which exposed a disproportionate number of faults from the substation.</p> <p>"They ran the capacity studies for electricity on Witkoppen Sub Station and not Houtkoppes Sub Station that supplies this area and that is already at full capacity, so where is the electricity coming from?</p> <p>They ran the capacity studies for water on the Bryanston Reservoir, but this area is supplied by the Olivedale Reservoir. They ran the capacity studies to extract sewer</p>

Source & Date	Summary of Queries	Analysis	Article Brief
			<p>to the Lanseria Wastewater Works which has not even been built as yet instead of the Northern Wastewater Works that currently handles the sewer from this area." Van der Merwe said currently he could not go into full detail as he is busy working with the MMC of the Department of Housing and the S79 Housing Oversight Committee to get answers to the questions that he had been raising since January 2022 after his first meeting with JOSHCO.</p> <p>Highlighted in red are the JOSHCO development. Van der Merwe added that he was aware of a private housing submission for 411 units currently before the City of Johannesburg Development Planning that had infuriated local residents. He highlighted that development in green. JMPD spokesperson Xholani Fihla said that unfortunately, JMPD is not privy to any information to do with what the city wants to do with the land and referred the Randburg Sun to the Department of Human Settlements. At the time of going to press no response has been received from the DHS. Fihla added that to combat the illegal land invasions the JMPD together with various stakeholders, conducts illegal land invasion operations daily in the city.</p>
Roodepoort record 1 November 2022	Motorists raise concerns about South Road closure	NEGATIVE	<p>According to the Project Manager, the current road works in question is the laying of sewerage pipes to accommodate the Johannesburg Social Housing Company (JOSHCO) housing overflow into the existing system.</p> <p>Motorists and some residents have raised concerns about the closure of South Road that is making them struggle during peak hours as they are forced to take alternative routes to their destinations. Several pressing issues need to be addressed for more inclusive, accessible, and effective use of the road when the flat developments around South Road are completed. Residents are worried that the traffic volume on the road has increased tremendously, and it takes one a while to get across as everyone is now using this road and with new occupants in these flats, the volumes will increase even more.</p> <p>Ward 71 Councillor René Benjamin said that she did a site inspection with the project manager on the above matter and was given an update on what is happening and why the road has been closed. According to the Project Manager, the current road works in question is the laying of sewerage pipes to accommodate the Johannesburg Social Housing Company (JOSHCO) housing overflow into the existing system. The project team unfortunately have come across City Power electrical cables in the path of where the piping needs to be placed and while the sections completed have been re-instated the rest has been halted.</p> <p>Currently they are awaiting engineers to address the matter from City Power side and therefore decided to close the section of the road for safety as there is also an asbestos water pipe in the section that requires attention from Joburg Water. According to Mathibe, currently, Johannesburg Roads Agency (JRA) is processing the wayleave extension so that the contractor can divert water from the existing Joburg Water stormwater pipe affecting the new sewer line.</p>
Roodepoort Record 25 Nov 2022	Pool maintenance project introduced	POSITIVE	<p>Florida – On Wednesday, November 2 the Florida Lake Swimming Pool repairs and maintenance project was introduced to the community at a community meeting that was held at Florida Lake Dragon Boat Club. Ward 70 Councillor Caleb Finn put out a formal notice before members of the community gathered at the venue to be briefed on the project. The Florida Lake Swimming Pool has been closed for a few years due to repairs that were needed. The City of Johannesburg (COJ) has granted budget towards having these repairs done and the Sports and Recreation Department indicated that they are ready to get the process underway. The Johannesburg Social Housing Company (JOSHCO) is the implementing agent and Phunga Consulting Engineers have been appointed as the consultants while Singo Investment has been appointed as the contractor. Pontsho Motumi who is from communications support of Expanded Public</p>

Source & Date	Summary of Queries	Analysis	Article Brief
			<p>Works Programme (EPWP) confirmed that a public participation meeting took place in Florida and the Community Liaison Officer (CLO) advertisement has been advertised to the public. Motumi said that the contractor anticipated to start on site as early as January 2023.</p> <p>A representative from Phunga Consulting Engineers said that the budget of R1.87 million is for maintenance that involves the building work, electrical, pool and plumbing work. The contractor told the residents that a minimum of five labourers including the CLO and two Small, Medium and Macro Enterprises will be used while an experienced company will be used for the swimming pool. Councilor Finn said that the swimming pool is the first priority, but the building (changing rooms and toilet facilities) needs to support the pool.</p>
Daily Maverick 29 Nov 2022	Bad to worse — massive gap in rightful housing and basic service delivery for Joburg's inner city low-income residents	NEGATIVE	<p>Housing shortages are one of the biggest problems faced by the underprivileged in Johannesburg — fuelled by rapid population growth. The City of Johannesburg is facing a 500,000-strong housing backlog, with at least 100,000 people living homeless and 134 buildings illegally occupied, according to the city's last count five years ago or years, the Johannesburg inner city has been characterised by overcrowding and dilapidated infrastructure that has been a headache for city managers. Many buildings are residential apartments, condemned by the city. Criminals have moved in and taken over from absentee owners, or owners who gave up on earning rentals off their assets. Many condemned buildings are illegally occupied by people who cannot afford to pay rent elsewhere in the city.</p> <p>According to the City of Johannesburg, "abandoned" refers to owners that cannot be traced by the city, no proper management or maintenance is in place, and the condition of the building poses a health and safety risk to occupants and the general public alike. "Hijacked" means the occupiers are neither owners nor authorised agents and the occupation is considered illegal. The owner of the property would also need to supply proof of such in the form of a court order. Speaking to eNCA in August 2022, Lucky Sindane, spokesperson for the city of Joburg's Group Forensic and Investigation Services unit, said the city had managed to reclaim 50 hijacked buildings and returned them to their rightful owners. Nevertheless, due to a lack of affordable and decent housing options in the inner city of Johannesburg, abandoned or hijacked buildings have become homes and refuges for many vulnerable groups.</p> <p>Life inside 'hijacked' buildings Inside these abandoned or hijacked buildings, makeshift boards and curtains divide the space where the occupants live.</p> <p>Both South African and foreign nationals live in these precarious buildings — crowded, without electricity, water supply or sanitation. Some live rent-free with no services while others pay exorbitant rent and bribes to slumlords, who impose themselves as rightful owners of a property — usually through intimidation and violence. The Inner-City Federation (ICF) — a civil society organisation in the city — currently represents residents in more than 50 of these "abandoned or hijacked buildings" to legally fight off evictions.</p> <p>Over the years, ICF in partnership with Seri — a non-profit human rights organisation — has helped "poor" inner-city residents resist eviction, harassment and displacement, by establishing and maintaining effective self-management structures in dilapidated inner-city buildings while collectively mobilising residents to advocate for decent housing.</p> <p>ICF General Secretary Siyabonga Mahlangu told Daily Maverick that in the many years they have been helping inner-city residents advocate for decent housing, basic services and challenging stigmas associated with low-income inner-city residents, "there has been no positive change."</p> <p>"Residents have been constantly harassed in their homes and their rights disregarded," he said. Daily Maverick met some of the inner-city residents to confirm some of the issues they face. Nqobile Zulu, who lives at the Express building located at 44 Nugget Street, downtown Johannesburg said:</p>

Source & Date	Summary of Queries	Analysis	Article Brief
			<p>"All of the occupiers at the Express building including myself are poor and desperate. Many of us.... survive on waste picking, which does not make us much money to afford decent housing... or even our daily bread. We do not know of any alternate accommodation which is lawful and affordable to us.</p>



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

An analysis of JOSHCO's financial position as at 31 December 2022 is reflected in Table 36 and the paragraphs that follow the table.

Table 36: Statement of Financial Position as at 31 December 2022

Description	31 December 2022 R'000	30 September 2022 R'000	Variance R'000	Variance %
Assets				
Current assets				
Inventories	434	292	142	49%
Loans to shareholders	2 975	2 975	-	0%
Current tax receivable	50	50	-	0%
Receivables from exchange transactions	1 307 321	1 302 859	4 462	0.34%
Receivables from non-exchange transactions	4 387	4 325	62	1%
VAT receivable	4 673	3 925	748	19%
Cash and cash equivalents	194 703	191 762	2 941	2%
Total current assets	1 514 543	1 506 188	8 355	0.55%
Non-current assets				
Property, plant and equipment	15 347	14 076	1 271	9%
Intangible assets	8 915	9 175	(260)	-3%
Investment in joint venture	20 414	20 414	-	0%
Total non-current assets	44 676	43 664	1 012	2%
Total assets	1 559 218	1 549 852	9 367	1%
Liabilities				
Current liabilities				
Loans from shareholder	1 111 522	1 161 946	(50 424)	-4%
Borrowings – DBSA	2 352	2 142	210	10%
Payables from exchange transactions	965 044	819 888	145 156	18%
	2 078 918	1 983 976	94 942	5%
Non-current liabilities				
Borrowings – DBSA	8 401	5 698	2 703	47%
Deferred income from non-exchange transactions	178	178	-	0%
	8 579	5 876	2 703	46%
Total liabilities	2 087 496	1 989 852	97 644	5%
Net assets	(528 278)	(440 000)	(88 278)	20%
Share capital	0.120	0.120	-	-
Accumulated deficit	(528 278)	(440 001)	(88 278)	20%
Total net assets	(528 278)	(440 000)	(88 278)	20%

1.1 ASSETS

1.1.1 Current Assets

Current assets increased by R8.3 million. Receivables from exchange transactions increased by a net of R4.4 million owing to the increase in additional CAPEX invoices raised in the quarter and the settlement of R234 million in invoices for work done on behalf of COJ entities. Inventory increased by 49% as a result of additional stock items purchased as staff returned to the office this quarter. The increase of 19% in the balance of VAT receivable is a result of VAT input claimable mainly from attorney and audit fee invoices.

1.1.2 Non-Current Assets

Non-current assets increased by R1 million (from R43.7 million to R44.7 million) owing to the purchase of furniture for the head office.

1.2 LIABILITIES

Loans from shareholders reduced by R50 million (from R1.162 billion to R1.112 billion) as a result of the entity receiving funds of R263 million from various entities, the collection of rental income against settlement of supplier invoices for R195 million and interest on an overdraft of R18 million.

Included in current liabilities is the current portion of the long-term loan from the Development Bank of Southern Africa (DBSA).

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

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

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 December 2022 resulted in a deficit of R133 million, as shown in Table 37 below.

Table 37: Statement of Financial Performance for the year ended 31 December 2022

Description	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000		
Rental income	90 895	90 151	744	0.82%
Subsidies	24 002	24 002	-	0%
Management fees	23 502	35 787	(12 285)	-34%
Interest income	12 191	7 341	4 850	66%
Utility recoveries	415	143	272	191%
Other income	272	767	(495)	-65%
Total revenue	151 277	158 191	(6 914)	-4%
Personnel costs	(86 258)	(78 588)	(7 670)	10%
Board fees	(986)	(1 375)	389	-28%
Provision for bad debts	(47 051)	(15 300)	(31 751)	208%
Depreciation and amortisation	(1 130)	(778)	(352)	45%
Finance costs	(36 761)	(836)	(35 925)	4 297%
Repairs and maintenance	(30 405)	(20 802)	(9 603)	46%
Security	(15 191)	(2 203)	(12 988)	590%
Utilities	(46 061)	(31 766)	(14 295)	45%
Administrative	(20 899)	(5 740)	(15 159)	264%
Total expenditure	(284 743)	(157 388)	(127 355)	81%
Operating (deficit)/surplus before tax	(133 466)	-	(133 466)	-100%
Taxation	-	-	-	-
Operating (deficit)/surplus after tax	(133 466)	-	(133 466)	-100%

2.1 REVENUE

2.1.1 Composition of Revenue

The entity's revenue is derived from the streams as shown in Table 38 below.

Table 38: Composition of revenue

Revenue	Actual	Budget	Weighting %
	R'000	R'000	
Rentals received	90 895	90 151	60%
Subsidies	24 002	24 002	16%
Management fees	23 502	35 787	16%
Interest received	12 191	7 341	8%
Utilities	415	143	0%
Other income	272	767	0%
Total revenue	151 277	158 191	100%

The biggest contributor to revenue is rental income, which makes up 60% of total revenue. Total revenue is 4% or R6.9 million below budget, with an improvement of 8% compared to the previous quarter, where revenue was 12% below budget. The biggest contributor to revenue being below budget is a decline in management fees by 34% owing to a reduction in the number of projects

executed on behalf of Human Settlements. There is an increase in interest income of 66%, which has been brought about by an increase in uncollectable tenant debtors. Other income is 65% below budget owing to lower-than-anticipated tender sales.

2.1.2 Revenue Collection

The entity's collection levels continue to decrease. JOSHCO has collected 54% of current tenant rentals against a collection target of 80% for the current financial year, as shown in Table 39 below. Collections in respect of SHRA-funded projects are at 53%.

The debt-collection companies appointed are proceeding with the collection of all debt of above 60 days. The entity's internal collection processes are also continuing. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long-outstanding debt.

Table 39: Revenue collection

Portfolio	Total Billing	Total Collection	% Collection	Reasons for Under Performance
	R'000	R'000		
Retail Space	2 023,15	(1 814,81)	90%	All retail spaces are collectable; only three vacant shops to be filled (NBS, Raschers & 16 Wolmarans)
Greenfields	16 124,64	(8 636,88)	54%	1. High rise in unemployment and number of pensioners/tenants going on retirement 2. Increasing demand for ownership & child-headed units whose parents have gone on pension 3. Culture of non-payment developed from some organised individuals and political formations
Brownfields	17 196,51	(10 082,95)	59%	1. High rise in unemployment and number of pensioners/tenants going on retirement 2. Increasing demand for ownership & child-headed units whose parents have gone on pension
Former Public Hostels	966,79	(41,77)	4%	High demand for ownership; claims that MMC advised them that projects will be converted to RDP and they should stop paying.

City Referral	8 695,41	(3 665,85)	42%	Former City stock with rising demand for ownership and mobilised group of tenants campaigning for non-rental payments
OVERALL COLLECTION	45 006,50	(24 242,27)	54%	

2.1.3 Revenue Collection by Debt-Collection Companies

The company currently uses the services of five debt-collecting companies to collect debt over 90 days and above R10 000. The performance of the appointed debt-collection companies is shown in Table 40. For the year to date, the companies have collected R3.4 million (1.66%) of the R231 million handed over to them for collection.

Table 40: Revenue Collection by Debt-Collection Companies

Month	No. of Accounts Handed Over	Amount Handed Over	Amount Collected	% Collection
		R'000	R'000	
Jul-22	1 792	87 153	138	0.16%
Aug-22	4 178	263 496	566	0.21%
Sep-22	4 178	268 919	655	0.24%
Oct-22	3 552	222 060	774	0.35%
Nov-22	3 552	222 786	805	0.36%
Dec-22	3 552	231 125	494	0.21%
Total Year to Date	3 552	231 125	3 432	1.66%

2.1.4 Settlement Discount Vouchers and Write-Offs

To prevent the debt from escalating and to persuade tenants to pay while their debt is still affordable, the company has introduced various settlement discount vouchers for tenants to choose from. Table 41 below presents the list of vouchers processed thus far for the current quarter. In addition to the vouchers processed, the company is also looking at system write-offs for all closed accounts in its books as those tenants have since vacated and the units are occupied by paying tenants. Tenants who vacated with a balance owing are blacklisted with all credit bureaus.

Table 41: Settlement Discount Vouchers and Write-Offs**50% Black Friday Settlement Discount Vouchers**

Number of tenants settled	Total value	Total amount collected
50	1 023 876	511 938

30% Settlement Discount Vouchers

Number of tenants settled	Total value	Total amount collected
7	175 253	122 677

10% Discount Voucher

Number of tenants settled	Total value	Total amount collected
32	71 348	64 213

10% Extra Seasonal Special

Number of tenants settled	Total value	Total amount collected
21	57 287	51 558

No Trace and Closed Accounts

Number of tenants settled	Total value	Total amount W. off
56	1 062 604	1 062 604

Deceased Estates

Number of tenants settled	Total value	Total amount W. off
5	559 603	559 603

Small Balances

Number of tenants settled	Total value	Total amount W. off
7	5 212	5 212

2.1.5 Student Accommodation

The entity piloted its first student accommodation project in the 2020/21 financial year, with the procurement of a service provider's support to retrofit and project manage the Wolmarans Street project. The building is fully tenanted. It has a total of 183 beds, rented at a rate of R3 800 per bed for double rooms and R4 200 for single rooms. The revenue owed to the entity for the quarter under review is R415 047, based on a profit split of 55/45 in favour of JOSHCO.

2.1.6 Mitigation Strategies to Improve Collection Performance

The entity has developed an integrated property and tenant-management plan to improve and sustain high levels of revenue collections in JOSHCO estates.

2.2 EXPENDITURE

The analysis of major expenses with significant variances (5% and above or significant balance) between actual and budget reveals the following results.

a) Personnel costs

- Personnel costs are 10% above budget (R7.6 million) owing to leave pay, overtime, acting allowances, PFA, danger allowance and executive appointments.

b) Board fees

- Board fees are 28% below budget (R389 000) owing to a reduction in procurement activities that are above the CEO's jurisdiction and require Board approval.

c) Provision for bad debts

- Provision for bad debts is 208% above budget (R31.7 million) owing to a low rental-collection rate for the quarter, which has led to a higher provision for bad debts. The collections rate for the quarter is 55%, which is influenced by the factors discussed in Section 2.1 above.

d) Depreciation and amortisation

- These are 45% over budget (R352 000) owing to the purchase of property, plant and equipment for the revamped head office.

e) Finance costs

- Finance costs are 4 297% above budget (R35.9 million) owing to interest incurred on a negative sweeping account arising from an overdraft facility as a result of delays in receiving payment from projects undertaken on behalf of COJ entities and departments. The entity will submit a request for reversal to the City.

f) Repairs and maintenance

- Repairs and maintenance are 46% above budget (R9.6 million) owing to work carried out at Dobsonville, Fleurhof, Selby, City Deep and Turffontein.

g) Security

- Security is 590% above budget (R12.9 million) owing to projects not yet under construction and projects where contractors were terminated.

h) Utilities

- Utilities are 45% above budget (R14.2 million) owing to utility costs incurred that are higher than the available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects. A flat rate for water will be charged while the water meters are being sourced and installed.
- JOSHCO has historically been challenged with managing the utilities' expense account as there is no resource assigned to the function. The bill from the COJ Revenue Department is accepted by JOSHCO as there is no basis for rejecting the account.
- It has also come to light that previous property owners' accounts are still linked to some of JOSHCO's properties, which causes confusion with billing by the COJ Revenue Department and service delivery to the projects.
- The Office of the COO is working to resolve the matter.
- JOSHCO has an agreement with the COJ Core and Revenue Department that JOSHCO will not be billed for Rates and Taxes as the buildings are not held in JOSHCO's books but are with Group. The expense charges are for services only.

i) Administrative Costs

- These costs are 264% above budget (R14.3 million) owing to an increase in legal costs for investigations and rental-collection processes.

SECTION 3: CASH FLOW STATEMENT

The cash and cash equivalents balance as at 31 December 2022 is R194.7 million. The tenant deposit account has a balance of R16.8 million. The SHRA account has a balance of 177.8 million. An amount of R1.111 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans to/(from) shareholder).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The organisation has an allocated capital budget of R498.7 million funded from its external funding sources and capital reserves. As at 31 December 2022, JOSHCO's verified spend for the

quarter under review is 50% against a target of 50% as shown in Table 42 below. For a detailed project update, refer to the Development Report.

Table 42: CAPEX Spend Per Project

Project Description	JSIP Number	Approved Budget 2022/23	Amount Spent	Balance	% Spend
		R'000	R'000	R'000	
Lufhereng Social Housing Project Region D	2323	73 438	(27 623)	45 815	38%
Randburg Selkirk Social Housing Project Region B	2353	40 000	(4 975)	35 025	12%
Nancefield Social Housing Project Region D	2359	74 750	(70 111)	4 639	94%
Inner City Buildings Acquisitions	2419	11 000	(10 768)	232	98%
Marlboro Social Housing Project Region E	3535	1 537	-	1 537	0%
Princess Plots Social Housing Project Region C	3794	51 555	(17 229)	34 326	33%
Existing Stock Redevelopment; Upgrade and Major Maintenance: Renewal Building Alterations Johannesburg F City Wide	3796	25 000	(19 076)	5 924	76%
Devland Golden Highway Social Housing Project Region D	3885	28 142	(7 803)	20 339	28%
Casa Mia Inner City Building Upgrade Region F	4046	38 453	-	38 453	0%
Boysens Street Inner City Conversion	22468	5 000	(1 184)	3 816	24%
38 Rissik Street (NBS) Inner City Building Conversion	22470	5 700	-	5 700	0%
Turnkey 1: Region A (Riverside)	23366	50 766	(38 813)	11 953	76%
Turnkey 2: Region B (Rivonia)	23367	50 000	(12 214)	37 786	24%
Turnkey 3: Region D (Jeppe)	23368	43 420	(37 359)	6 061	86%
		498 761	(247 154)	251 607	50%

SECTION 5: SUPPLY CHAIN MANAGEMENT AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

5.1 DEVIATIONS IN SUPPLY CHAIN MANAGEMENT

There were no approved deviations for the quarter under review.

5.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that municipal entities pay suppliers within 30 days. In the current quarter ended 31 December 2022, only 47% of valid invoices were paid within 30 days. This is due to the COJ Treasury limiting the funds allocated to entities for supplier payments weekly.

5.3 REPORT ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL (UIFW) EXPENDITURE

Instances of UIFW expenditure were incurred in the quarter under review, as set out in Table 43 below.

Table 43: UIFW Incurred in the Current Quarter

Compliance Area	Quarter 2 2022/23 Target	Quarter 2 2022/23 Actual	Variance	Variance Explanation	Mitigations
Unauthorised Expenditure	0	R9 685.95	(R9 685.95)	Unauthorised bank debit orders	Debit orders are currently being investigated by the GFIS. The GFIS has advised that a criminal case should be opened, and it will assist the entity to draft the affidavit.
Irregular Expenditure	0	R66 757.32	(R66 757.32)	Labour-relations enforcement award matter – sheriff's costs	Compliance of all awards by the Bargaining Council needs to be ensured timeously.

There is potential irregular expenditure on the year-to-date overspend of the budget of R85 million should the entity's deficit position not reverse by the end of the financial year.

5.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS (POs)

Table 44 reflects the approved variation orders for the period under review.

Table 44: Approved Variation Orders for the Quarter Ended 31 December 2022

Name of Supplier	User Department	Reason	Approval Date	Original PO Amount	Adjusted PO Amount	Variation	% Variation
Ditlou Consulting (Pty) Ltd	Special Projects	Additional services at 17 Viola Street and 12 Second Avenue	26/10/2022	R13 722 484.99	R16 051 566.75	R2 329 081.76	17%
Toolslane (Pty) Ltd	ComDev	Additional roof-repair works and furniture	20/10/2022	R4 628 106.00	R5 542 341.18	R914 235.18	19.75%
Xclusive Designs	Corporate Services	Supply of furniture at JOSHCO head office	24/11/2022	R4 396 942.00	R4 870 045.90	R473 103.90	10.76%
Lufhereng Development Company	Housing Development	Lufhereng Social Housing Development	14/12/2022	R209 029 660.3	R222 528 730.7	R13 499 070.39	6.46%

5.5 AWARDS MADE FOR THE QUARTER

Table 45 below details all awards made via a public tender (above R200 000) or through JOSHCO-approved panels (above R1 million) for the quarter under review.

Table 45: Awards for the Quarter

Bid Number	Project Description / Scope of Work	Department / End User	Media Advertised	BAC Date	Awarded Service Provider	Reason for Award	Budget / Estimated Value	Awarded Amount	BBBEE Level
ANNUAL/003/2022	Content editing, layout and design of the JOSHCO integrated annual report for a period of three years, starting with the	Business Planning and Risk/JOSHCO	31 Aug 2022	08 Nov 2022	M & R Badiri Consultants	Highest scoring bidder	R400 000.00 per year (R1 200 000.00 for 36 months)	R848 997.00	1

Bid Number	Project Description / Scope of Work	Department / End User	Media Advertised	BAC Date	Awarded Service Provider	Reason for Award	Budget / Estimated Value	Awarded Amount	BBBEE Level
	2021/2022 financial year								
RFQ/CITY/001/2022	The appointment of a contractor for the construction of two guard houses, two refuse areas, and steel carport, and for modifying the existing three gates of City Deep residential units in Johannesburg	Housing Development Unit/JOSHCO	29 Sept 2022	14 Dec 2022		Highest scoring bidder	R7 904 714.84		
EPWP/001/2022	The appointment of a service provider to provide JOSHCO with company-wide employee wellness programme not exceeding 36 months	Corporate Support Services/JOSHCO	05 Sept 2022	14 Dec 2022	Xihlala Trading Solution	Highest scoring bidder	R2 000 000.00	R10,101,392.18	1
ISP/001/2022	The appointment of a panel of internet service providers for provision of internet services at JOSHCO units for a period not exceeding 36 months	Housing Management/JOSHCO	20 Sept 2022	23 Nov 2022	ICAS Southern Africa	All minimum requirements met	N/A	R1 618 409.16	1
					Panel of four service providers			N/A	

5.6 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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

Table 46: Expenditure by Sourcing Process (Nature)

a) Total Expenditure		
Nature of Expenditure	Quarter 2 R'000	% of Total Expenditure
Capital Expenditure	124 528	67%
Operational Expenditure	61 007	33%
Total Expenditure	185 535	100%

b) Capital Expenditure		
Nature of Expenditure	Quarter 2 R'000	% of CAPEX Expenditure
Professional Consultants	31 679	25%
Contractor Payments	92 849	75%
Total Expenditure	124 528	100%

c) Operational Expenditure		
Nature of Expenditure	Quarter 2 R'000	% Spend
Procurement <R200 000	1 596	3%
Cleaning and Gardening	-	0%
Directors' Remuneration – Board and Comm	432	1%
Operational Expenditure	14 662	24%
Security Services	23 634	39%
Repairs and Maintenance	20 683	34%
Total	61 007	100%

SECTION 6: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

JOSHCO is currently attending to the following litigation issues, and matters are still in progress. The litigation matters are at different stages, as reflected in Table 48 below.

Table 47: Litigation Issues in Progress

	Nature of the Matter	Status and Progression	Outcome	Cost Implications
1.	<p>- Cancellation of Property Sale Agreement in respect of 195 Commissioner Street.</p>	<p>Sale of immovable property at no. 195 Commissioner Street, bought for R6 500 000. The Sale Agreement was signed on 3 April 2014. JOSHCO initially attempted to cancel the Sale Agreement and recover the purchase price following the seller's failure to provide JOSHCO with vacant occupation. JOSHCO then instituted a court process for cancellation, which was later placed on hold after the attorneys advised JOSHCO to proceed with the sale as the full purchase price and transfer costs had been paid. It was, however, discovered that there was a bond registered over the property. In light of this, JOSHCO's attorneys were instructed to proceed with the initial claim for the purchase price and transfer costs.</p> <p>Progress on civil claim: An application will be made to compel the other party to file its discovery papers, to establish which documentation it intends to use as evidence at the trial. A trial date can only be obtained once parties have filed their discovery papers. It is anticipated that a date will be obtained in the third quarter.</p> <p>Progress on SIU investigation: There has been a slow rate of progress owing to limited information around the sale of the property. A meeting has been requested with the SIU to discuss options for taking the criminal matter forward.</p>	<p>The matter is ongoing</p>	<p>Expenditure to date: R36 825.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R6 500 000 purchase price plus R487 260.80 transfer costs.</p>
2.	<p>- Claim for damages.</p>	<p>JOSHCO had appointed a consulting company as project manager on the Randburg Selkirk project. In 2014, the consultants sent a notice to JOSHCO demanding payment of professional fees, alleging that JOSHCO had failed to pay the full fees for stages one and two of the projects. JOSHCO's reasons for non-payment of the full fees related to non-performance. JOSHCO then instituted a claim against the company for damages suffered as a result of its non-performance. The matter was referred to arbitration.</p> <p>Progress: Attorneys have been requested to provide a legal opinion on JOSHCO's merits of success in the matter, given the slow pace at which the matter is moving.</p>	<p>The matter is ongoing.</p>	<p>Expenditure to date: R79 940.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R13 926 340.53 spent on professional fees, R719 340.00 for damages.</p>
	PARTIES AND NATURE OF THE MATTER	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS

3.	Applications for demolitions in respect of the Dobsonville Social Housing Project.	<p>The matter concerns eight properties/illegal structures surrounding JOSHCO's Dobsonville project that are encroaching onto the site. Attorneys were appointed to institute court applications for demolitions. One matter was settled with the property owner, two were opposed and the remaining five were unopposed. Shortly after five demolition orders were obtained in February 2021, the affected property owners lodged applications for rescission, aimed at reversing the five demolition orders.</p> <p>The applications were unsuccessful.</p> <p>Progress: Five demolition orders were executed on 09 November 2022. Attorneys are currently working towards obtaining demolition orders for the remaining structures, so that occupation certificates can be obtained. It is anticipated that the remaining orders will be obtained before the end of the financial year.</p>	The matter is ongoing. Five demolition orders were executed on 09 November 2022.	Expenditure to date: R457 638.79 spent on legal fees.
4.	Various evictions and recovery of outstanding rental.	<p>The total number of matters handed over for evictions and recovery of arrears rent is 240. While the entity's attorneys endeavour to reach settlement agreements with tenants, this remains a challenge as the payment proposals received from tenants are mostly unreasonable.</p> <p>Progress: Five new eviction orders were obtained in the quarter, bringing the total number of orders to 31. JOSHCO is currently awaiting dates from sheriffs for executing the orders.</p>	Matters are ongoing.	Expenditure to date: R4 868 952.25 spent on legal fees.
Parties and Nature of the Matter		Status and Progression	Outcome	Cost Implications

5.	- Claim for unpaid invoices for work done on the Casa-Mia Project.	<p>A construction company instituted a claim against JOSHCO for work done on the Casa Mia refurbishment project. The claim was for an amount of R4 019 239.39. JOSHCO settled the capital amount in full.</p> <p>Progress: JOSHCO is currently considering a settlement proposal from the construction company regarding interest and legal costs. The matter is anticipated to be finalised and closed in the third quarter.</p>	The matter can only be declared finalised once parties have reached agreement on legal costs and interest.	R166 525.40 spent on JOSHCO's legal fees. Construction company claim paid: R4 019 239.39.
6.	- Claim for unpaid invoices for work done on the Dobsonville Project.	<p>A construction company instituted a claim of R3 796 456.85 against JOSHCO for work done on the Dobsonville project.</p> <p>Progress: JOSHCO has paid the above amount in full and awaits written confirmation from the contractor that no further claims will be pursued for interest and legal costs.</p>	It is anticipated that the matter will be finalised in the third quarter.	JOSHCO has paid the full amount claimed by the contractor.
	Parties and Nature of the Matter	Status and Progression	Outcome	Cost Implications
7.	- Application for court interdict (Princess Plots Project).	<p>An interdict application was brought by Shadow Holdings (Pty) Ltd and three other companies against M-Tech Construction, JOSHCO, ENZA Construction, the City and the Department of Human Settlements. The applicants are subcontractors on JOSHCO's Princess Plots project and have applied to court to have the contract between ENZA Construction and M-Tech Construction set aside, alleging that the contract does not comply with the laws of South Africa on BBBEE requirements. They have further applied for an order compelling ENZA Construction and M-Tech Construction to provide information relating to the procurement process that was followed when ENZA Construction appointed M-Tech Construction as a subcontractor on the project. The applicants have also alleged that JOSHCO and ENZA Construction failed to pay the applicants for work done on the project and have also applied for an interdict to prevent further construction work on the project and further appointments of new subcontractors until the court matter is finalised. Attorneys were appointed to oppose the application.</p> <p>Shortly after filing opposing papers, JOSHCO's attorneys received a notice from the attorneys that were representing Shadow Holdings and the three other applicants, in terms of which</p>	The matter is ongoing.	Expenditure to date: R146 181.25 spent on legal fees.

		<p>they were withdrawing as attorneys of record. There has been no further movement on the matter since then. The matter is not likely to go for hearing; however, no formal notice of withdrawal of the matter has been received from the applicants.</p> <p>Progress: There has been no change in the above matter since the last report.</p>		
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SECTION 7: INSURANCE CLAIMS AGAINST/TO MUNICIPAL-OWNED ENTITY (MOE)

The City of Johannesburg has an umbrella insurance cover for all City departments and entities. The insurance covers all City properties inclusive of furniture and fittings, which are described as non-motor. It also has motor fleet insurance. Several claims related to property damage of the JOSHCO-managed stock have been lodged with the Insurer in the 2021/2022 and current financial year. A R43 256.19 insurance payout was processed in Q2.

Table 48: Insurance Claims in the 2021/2022 and Current Financial Year

Insured Year	ADRS No.	Claim	Date of Loss	Policy Type Description	Details of Incident	Status/Comments	Amounts Paid to JOSHCO
2021	ADRS00006745		03/04/2021	Employee Practice Liability	Unfair labour practice	Settled, filed closed	Payment made R23 860.00
2021	ADRS00008768		01/03/2021	Asset Risk All	Laptop theft	Repudiated claim Being tricked is not covered by the policy	Repudiated claim
2021	ADRS00006952		29/03/2021	Asset Risk All	Laptop theft	Awaiting proof of forcible and violent entry from claimant	Payment not received
2021	ADRS00007768		02/10/2021	Asset Risk All	Fleurhof hailstorm damage	Awaiting completed claim form and invoice from Ronald	Payment not received
2021	ADRS00007962		24/10/2021	Asset Risk All	Laptop damage	Awaiting proof of forcible and violent entry from claimant	Payment not received
2021	ADRS00008688		28/10/2021	Third-party liability	Third-party vehicle damaged by gate – Fleurhof Riverside	Settled, file closed	Payment made R19 396.19
2021	ADRS00008685		17/12/2021	Third-party liability	Third-party vehicle damaged by gate – Tshedzani	Corresponding with third party	Payment not received
2021	ADRS00008771		26/10/2021	Asset Risk All	Stolen laptop	Awaiting proof of forcible and violent entry from claimant	Payment not received
2022	ADRS00009956		11/08/2022	Employee Practice Liability	Unfair labour practice – SAMU OBO member	A representative has been appointed	Payment not received
2022	ADRS00010111		28/08/2022	Asset Risk All	Citrine Court fire damage	Waiting for the assessor report	Payment not received
2022	ADRS00010483		24/10/2022	Third-party liability	Summons / Hoek Street	Attorneys are handling the case	Payment not received
2022	ADRS00010451		28/10/2022	Asset Risk All	Laptop damage	Awaiting claim documents from client	Payment not received

Insured Year	ADRS No.	Claim	Date of Loss	Policy Type Description	Details of Incident	Status/Comments	Amounts Paid to JOSHCO
2022	ADRS00010369		10/09/2022	Third-party liability	Third-party vehicle damaged by gate – Fleurhof Riverside – Phase 2	Corresponding with the third party	Payment not received
2022	ADRS00010353		23/08/2022	Employee Practice Liability	Request for conciliation	A representative has been appointed	Payment not received
2022	ADRS00010465		29/09/2022	Third-party liability	Letter of demand	A representative has been appointed	Payment not received
Total Paid							R43 256.19

SECTION 8: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

The amounts that JOSHCO owes other departments or entities or that other departments or government entities owe JOSHCO are shown in Table 49 below.

Table 49: Statement of Amounts Owed by or to Government Departments and Public Entities

Name of Department	Amounts Owed/(Owing) R'000		Account Status	Comments
	30 Sep 22	31 Dec 22		
City of Johannesburg: Sweeping account	(1 163 144)	(1 111 521)	180 days overdue	JOSHCO received funds in the quarter of R216 million against payments made of R157 million.
City of Johannesburg: Salaries	(178 967)	(359 252)	180 days overdue	Operational subsidy is now applied to salaries.
City of Johannesburg: Municipal Charges	(204 435)	(217 841)	180 days overdue	Payment has been started during the current quarter but only once approved by COJ Treasury.
City of Johannesburg: Human Settlements	858 868	815 605	180 days overdue	For the year under review, R250 million (R38m in December) has been received and invoices to the value of R143 million were issued.
Gauteng Department of Human Settlements	15 969	15 969	180 days overdue	Long-outstanding amounts with the Province.
City of Johannesburg: Treasury	5 958	5 968	180 days overdue	This is an old ABSA Bank non-sweeping account. JOSHCO is in discussion with Core to investigate how the funds can be swept into the main JOSHCO Standard Bank account.
City of Johannesburg: CAM	268 744	350 414	150 days overdue	CAM has paid R315.5 million for the six-month period. R103.8 million relates to current quarter invoices. R100 million requires additional documentation. The

Name of Department	Amounts Owed/(Owing) R'000		Account Status	Comments
	30 Sep 22	31 Dec 22		
				Development Department is addressing this.
City of Johannesburg: Health Department	17 968	6 993	60 days overdue	The Health Department has paid R6.2 million to date and no new invoices have been issued. The balance relates to Quarter 1 invoices.
City of Johannesburg: Office of the Executive Mayor	6 960	6 960	150 days overdue	Project manager requested to arrange a meeting with the department for settlement.
City of Johannesburg: Environmental Infrastructure	100	100	150 days overdue	Continuous follow ups are being made with no tangible commitment to settle.
City of Johannesburg: Community Development	15 766	38 621	180 days overdue	JOSHCO has received a total of R5.5 million in the quarter, with a total of R16 million in invoices issued. The delay in settling invoices is because JOSHCO now levies VAT on the management-fee invoices, which was previously not the case. The VAT matter is being looked into overall by the City.
City of Johannesburg: Legislature	29 779	28 332	180 days overdue	Meeting to be scheduled with the department. All invoices submitted. No payments have been received in the past six months.
City of Johannesburg: JMPD	13 021	5 439	60 days overdue	JMPD paid R13.2 million. The balance relates to invoices where VAT was levied on management fees, and JMPD is waiting for guidance from the City as to how to deal with the VAT invoices as VAT was previously not charged.
City of Johannesburg: EMS	12 989	9 321	60 days overdue	A small amount of R210 000 was received in the quarter and all the invoices relate to the previous quarter. The delay in payments also relates to the VAT issue.
City of Johannesburg: Social Development	1 243	693	150 days overdue	Follow ups have been made with departments, with no response as yet.
City of Johannesburg: Licencing	6 749	6 749	150 days overdue	Follows ups were made and the response was that the department is addressing all pending claims due to JOSHCO. At the same time, the signing of an addendum with the office of ED Public Safety is being accelerated.
Total	(291 893)	(396 572)		

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the second quarter of the 2022/2023 financial year, Internal Audit completed all the planned reviews apart from one which is still in the reporting stage (Housing Development Audit). Refer to Table 51 for the detailed Internal Audit Plan. The following audits were completed in the second quarter:

- Risk Management Audit
- Tender Probity Review (x2)
- Occupational Health and Safety Audit
- Service Level Standard Review
- Follow-up on Internal Audit Findings
- Housing Development Audit
- UIFW Investigations: Expenditure

Table 50 below presents the approved Internal Audit Plan for the 2022/2023 financial year, and indicates the progress made with each audit.

Table 50: Internal Audit Plan

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
1	Recruitment and Termination Audit			X		Not Started
2	Occupational Health and Safety Audit		X			Completed
3	Review of the Annual Financial Statements	X				Completed
4	Review of the Interim Financial Statements				X	Not Started
5	Supply Chain Management Audit			X		Not Started
6	Revenue and Debtors Management Audit				X	Not Started
7	Financial Discipline Review			X		Not Started
8	Tender Probity Review	X	X	X	X	Continuous
9	Housing Development Audit		X			At reporting stage

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
10	Housing Maintenance and Portfolio Management Audit				X	Not Started
11	Leasing Management Audit	X				Completed
12	Performance Information Review	X		X		Continuous
13	Risk Management Audit		X			Completed
14	Business Continuity Audit	X			X	Not Started
15	Service Level Standard Review	X	X	X	X	Continuous
16	Follow-up on Internal Audit Findings	X	X	X	X	Continuous
17	Follow-up on AG Findings	X		X	X	Continuous
18	UIFW Investigations: Expenditure	X	X	X	X	Continuous

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

Table 51 below indicates the resolution of the Internal Audit findings per quarter.

Table 51: Internal Audit findings

Current Year: 2022/23			
FY	Findings Raised	Resolved	% Resolved
Opening Balance 2022/23	38		
Q1	32	34	49%
Q2	36	46	75%
Q3			
Q4			

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISED ACCORDING TO FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION)

Table 52 below indicates the External Audit findings, differentiating between the findings that affect the audit and those that do not affect the audit. Note that a follow-up on the AGSA findings was not performed. Internal Audit will perform the follow-up in the third quarter.

Table 52: AGSA findings

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting the auditor's opinion	2	0	2
Other important matters	17	0	17
Administrative matters	0	0	0
Total	19	0	19
%	100%	0%	100%

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

In the second quarter of the 2022/2023 financial year, Internal Audit completed two full audits, two probity reviews and a follow-up review. In accordance with the findings raised in these audits, Internal Audit concluded that the organisation's controls are *adequate but ineffective*. Internal Audit has noted improvement in some of the departments in terms of implementing the auditors' recommendations. However, the control environment is not at a satisfactory level. Management should ensure that controls are adequately designed and monitored, as this will provide reasonable assurance that set organisational objectives are achieved.

