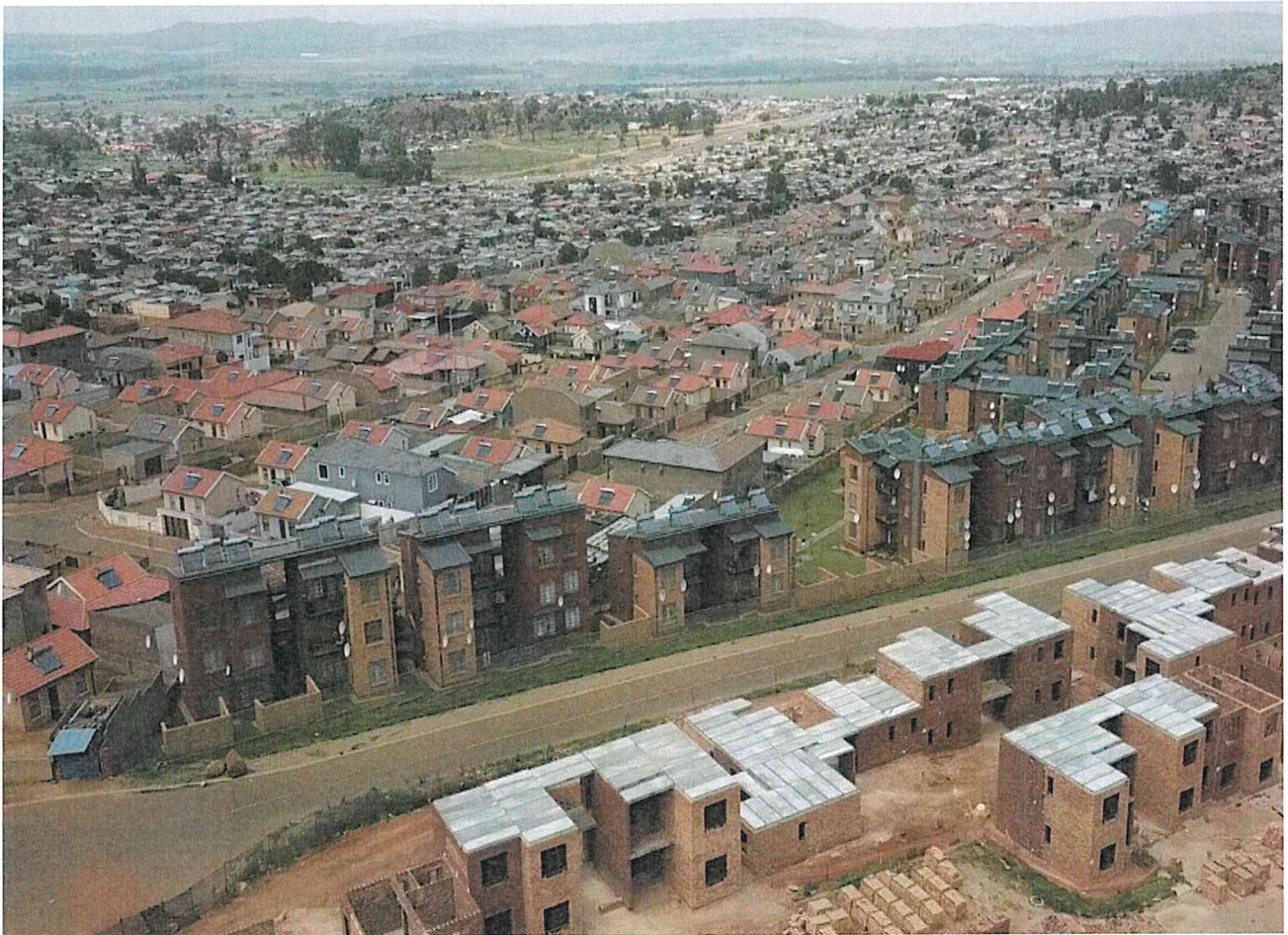


“ WE
DELIVER
AFFORDABLE
AND SUSTAINABLE
SOCIAL HOUSING
IN JOBURG ”



JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

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

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

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

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

Vision

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

Purpose

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

Mission

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

Approval:

<p><u>Nontobeko</u> <u>Ndinande</u></p> <p>Name & Surname Chief Financial Officer</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>21/04/2022</u></p>
<p><u>Victor Lamba</u></p> <p>Name & Surname Chief Executive Officer</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>21/04/2022</u></p>
<p><u>Gaby Boekamp</u></p> <p>Name & Surname Chairperson of the Board</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>21-04-2022</u></p>
<p><u>Mlungisi</u> <u>M96250</u></p> <p>Name & Surname MMC</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>29/04/22</u></p>

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SECTION 1: CHAIRPERSON'S FOREWORD

JOSHCO aims to fulfil its organizational core mandate and objectives. These objectives are to develop and manage affordable social housing units that are fully let; collect rentals; keep tenants happy & satisfied with exceptional service as well as ensure that buildings are clean, safe, well-kept and operate efficiently.

The Board is very concerned with the organization's continued poor performance. There is an urgent need for a turn-around strategy which will improve financial sustainability; reduce costs; increase organizational efficiency; strengthen stakeholder engagement & management plan and streamline internal operations, controls & processes. The Board must ensure that proper performance measures and skills profiles are in place to enable continuous evaluation of executive management. The Board also has a fundamental role in shaping an honest, ethical, customer centric and performance driven culture within the organization. It is important to align the organization's newly formulated strategy with policies.

In the quarter under review, out of twenty-one (21) organizational performance indicators, sixteen (16) targets were due for reporting of which seven (7) were achieved and nine (9) were not achieved. JOSHCO reached 98% occupancy rate, albeit a low rental collection rate of 57%, which is far below the accepted SHRA benchmark for rental collection. Another area of concern is the CAPEX spent on SMMEs for the quarter, which was at 7%. A concerted effort to reach a wider SMME base, inclusive of women, youth and ex-combatants, is required in order to reach set targets in this area. The organization continues to battle with astronomical maintenance costs. This area is receiving the urgent intervention necessary. For the 2021/22 financial year, JOSHCO was allocated a total budget of R 628 million. At the end of third quarter, the Entity managed to spend a cumulative total of R 439 million, which translates to 69.90% of the total budget spent.

Revenue enhancement strategies and stringent cost cutting measures must be put in place. To this end, new, disruptive technologies such as the Internet of Things (IoT) sensor technology, must be implemented in JOSHCO's projects. This type of smart technology is a cost-effective way to ensure that JOSHCO's properties are safe, healthy and energy efficient. Smart sensors can help mitigate maintenance costs through early warnings, such as leak detection, enabling interventions and less costly fixes. Other benefits derived from using these technologies include improved customer service and better managed properties.

Looking ahead, the Board will be steadfast in fulfilling its stewardship and governance roles and take a forward-looking approach to the challenges and opportunities of a dynamic; technology-driven; innovation oriented; globalized future.

The Board continues to provide strategic direction under the political leadership of the MMC of Housing Councilor Mlungisi Mabaso.

Ms Gaby Boikanyo
Chairperson: JOSHCO Board of Directors

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT



This report seeks to present the third quarter performance of the organisation. JOSHCO continued to implement the strategies and interventions set to achieve the mandate of the organisation. As the entity of the municipality, we have gone through the budget adjustment and midyear deviation process in this quarter, a process which is legislated and guided through Section 72 of the MFMA, 56 of 2003. The results of this report are presented against the adjusted scorecard and budget

This report provides an overview of the organisation's achievements and the challenges faced during the period under review. The results of the period show a slight improvement as compared with the previous quarter where 7 out of 16 KPI were achieved. The entity is still experiencing under collection of rentals which is negatively affecting the financials of the organisation. We will continue to implement various revenue strategies that we have put to address the collection challenge and we remain positive that they will yield positive results.

While the financials are concerning, management is determined and committed to implement cost containment measures which will assist reducing the expenditure and gradually improve the financial position. We have recorded a deficit of R56 million a slight improvement as compared to the R62.1 million that was reported in the second quarter. The entity has managed to achieve the 70% CAPEX spent year to date.

In conclusion, I would like to commend the JOSHCO team for their continuous support of the organisation mandate that aimed at restoring the dignity of the citizens of Johannesburg by providing them with decent housing units. My sincere gratitude to the Board for always providing strategic support for the betterment of the organisation.

Mr. Victor Rambau (MBA)
Chief Executive Officer

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT



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

Revenue Report

The biggest contributor to revenue is rental income making up 53% of total revenue. Total revenue is 3% (R6.6 million) above budget. The main reason for revenue being above budget is Management fees which are 21% (R11.7 million) above budget due to increased projects on behalf of other departments.

The entity's collection levels continue to decrease, we have collected 57% for current tenant rentals against a collection target of 90% for the current financial year. The reasons for the continued low rental collection were rent boycott campaigns from organised tenants' groups demanding ownership and dissatisfaction management of the projects. We are also experiencing delayed court orders for evictions. There were two successful evictions in the quarter under review. The entity is implementing corrective measures such as tenant engagements and will be proceeding with evictions. The company uses the services of a debt collecting company to collect debt over 90 days. For the quarter under review, the company has collected R4.1 million (1.7%) from the R252.5 million handed over to them for collection.

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the quarter ended 31 March 2022 resulted in a deficit of R56 million. The deficit is as a result of the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget due to budget constraints as detailed below.

Expenditure

a) Personnel costs

- 5% above budget (R5.8 million) due to overtime costs and leave pay provision.

b) Board fees

- 17% below budget (R418 thousand) due to less than anticipated procurement above R25 million requiring board approval.

c) Special projects staff costs

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

d) Provision for bad debts

- 181% above budget (R40.5 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 57% which is influenced by the reasons stated in Section 2.1 above.

e) Finance costs

- 1808% above budget (R21.7 million) due to interest charged on sweeping account which is in overdraft.

f) Utilities

- 11% above budget (R5 million) due to utility costs incurred more than available budget. The entity's budget was adjusted mid-year, but it was still not sufficient to cover the entire cost. A service provider has been appointed for a prepaid vending solution for electricity to assist with the reduction of costs and transferring of costs to the user of electricity. The system is currently being rolled out to projects. The system is designed in a way that JOSHCO can upload the tenant rental debt into the system and recover a portion of the rental outstanding when the tenant purchases electricity on the system. The system can clearly show the amount allocated for electricity and the amount allocated for the rental debt.

CAPEX Expenditure

After the mid-year adjustment, the organisation has an allocated capital budget of R628 million funded from the external funding sources and capital reserves. We are still implementing the following programmes:

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

As at 31 March 2022 JOSHCO's verified spent for the quarter under review is 70% against a target of 70%.

Ms Nontobeko Ndimande
Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



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

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

SECTION 5: STRATEGIC OBJECTIVES

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

SECTION 6: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

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

SECTION 7: SUSTAINABILITY REPORT

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

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

JOSHCO commits 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 is achieved through allowing subcontracting of SMMEs during construction and their involvement in the upkeep of the projects once tenanted. Only 7% against a target of 30% of capital spent on construction was spent on SMMEs during the quarter under review.

JOSHCO also participate in ensuring that the City achieve its EPWP programme undertaken to reduce unemployment and facilitate socio economic development of the Citizen of Johannesburg. To date we have created 321 jobs from various projects through EPWP programme.

CHAPTER TWO: GOVERNANCE

SECTION 1: BOARD OF DIRECTORS

The Board of Directors of JOSHCO is presided over by a Non-Executive Director (Chairperson) Ms. Gaby Boikanyo who was appointed through a resolution of the annual general meeting (AGM) which was held on 15 February 2022 together with 9 non-Executive Directors and 3 Independent Audit Members (ARC), through. Table 1 below has listed the nine (9) Non-Executive Directors, two (2) Executive Directors and three (3) Independent Audit Committee members.

Through its annual work programme, the Board of Directors monitors strategy implementation, and is kept abreast of the achievements and risks associated with the achievement of the strategy.

Table 1: Board Composition as at 31 March 2022

Member(s)	Capacity	Gender	Status	Qualifications
Ms Gaby Boikanyo (Board Chairperson)	Non-Executive Director	F	Active	B Computer Science, ND Analytical chemistry
Mr Theodore Dhlamini	Non-Executive Director	M	Active	Leadership training and certificate in engineering hand skills
Mr Jason Sobekwa	Non-Executive Director	M	Active	B Accounting, PG Dip: Financial Management and CIMA
Mr Moerane Maimane	Non-Executive Director	M	Active	Diploma, Bachelor, Honors degree in Public Administration, MBA & CDSA
Mr Xolani Dlwathi	Non-Executive Director	M	Active	Diploma, Honors and master's degree in theology
Mr Themba Mamba	Non-Executive Director	M	Active	Matric and higher certificate in supervision
Dr Kentse Sesele	Non-Executive Director	F	Active	B Social Science, Honors in local economic development, Master and PHD in town and regional planning
Karabo Modipane	Non-Executive Director	M	Active	Masters in business administration, BSc Computer Sciences, BSc (Hons) Computer Sciences, CISA, Development Leadership Program
Sumesh Varghese	Non-Executive Director	M	Active	NQF Level 8 – SAQA verified, financial acumen, Business Development, Business Strategy
Ms Sebongile Bhengu	Non-Executive Director	F	Retired 15 Feb 22	Matric and certificate in Theology

Member(s)	Capacity	Gender	Status	Qualifications
Ms Brenda Makhanya	Non-Executive Director	F	Retired 15 Feb 22	Matric and certificate in Business Administration
Mr Siphiwe Mhlongo	Non-Executive Director	M	Retired 15 Feb 22	Matric and Diploma in Risk Management
Ms Debbie Raphuti	Non-Executive Director	F	Retired 15 Feb 22	Diploma in Nursing Science, PG Dip in strategic diplomacy and transitional justice, Master of Business Administration and Master of public management and governance
Ms Eugenia Motloung	Non-Executive Director	F	Retired 15 Feb 22	Expended programme UNISA and N Dip Public Relations
Mr Victor Rambau	Executive Director (CEO)	M	Active	B Tech Production and Operations, MAP and MBA
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Active	CA (SA)
Independent Audit Members				
Mr Lesetsa Matshekga	Independent Audit Committee	M	Active	MBA, B Com Honors Finance, B Com Economics a
Mr M Mokgobinyane	Independent Audit Committee	M	Active	Masters in accounting science, B Com Accounting, B Com Honors Accounting
Mr Ernest Khosa	Independent Audit Committee	M	Active	Higher Diploma in Company Law, Bachelor of Arts, BA Honors, Master of Science and LLB

1.2 BOARD AND COMMITTEE MEETINGS ATTENDANCES

During the third quarter, JOSHCO held 3 Board meetings, 1 Development Committee meetings, 1 Social, Ethics & HR Committee meetings and 1 Audit and Risk Committee meetings. The table below depicts the year-to-date number of meetings attended by members and details of attendance of members in various meetings.

Table 2: Board and Committee Meetings Attendances During the Third Quarter

Board of Director	Board			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	11			6			5		
Mr V Rambau	11	-	-	6	-	-	5	-	-

Board of Director	Board			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Ms Nontobeko Ndimande	11	-	-	6	-	-	5	-	-
Mr T Dhlamini	11	-	-	-	-	-	-	-	-
Mr X Dlwathi	11	-	-	6	-	-	-	-	-
Ms G Boikanyo	11	-	-	6	-	-	-	-	-
Mr M Maimane	11	-	-	-	-	-	5	-	-
Mr J Sobekwa	11	-	-	6	-	-	-	-	-
Ms S Bhengu	9	-	-	-	-	-	5	-	-
Ms B Makhanya	9	-	-	-	-	-	5	-	-
Mr S Mhlongo	9	-	-	-	-	-	5	-	-
Mr T Mamba	11	-	-	6	-	-	-	-	-
Adv Nikelo Bangisi	9	-	-	6	-	-	-	-	-
Ms Euginia Motloung	9	-	-	-	-	-	5	-	-
Ms Debbie Raphuti	9	-	-	-	-	-	5	-	-
Dr Kentse Sesele	9	-	-	6	-	-	-	-	-
Karabo Modipane	2	-	-	-	-	-	-	-	-
Sumesh Varghese	1	-	-	-	-	-	-	-	-

Table 3: Audit & Risk Committee Meetings Attendances held during the Third Quarter

Names of Audit Committee Members	Audit and Risk Committee		
	Attendance	Absent	Apologies
Number of Meetings	7		
Enerst Khosa (Chairperson)	7	0	0
Lesetsa Matshekga	7	0	0
Moshupi Mokgobinyane	7		
Victor Rambau (CEO)	6	0	0
Nontobeko Ndimande (CFO)	7	0	0

NB: important to note that subsequent to the AGM held on 15 February 2022, the board appointed a new Chairperson of Audit Committee Mr. Jason Sobekwa. The new chairperson presided his first meeting on 6 April 2022

1.3 BOARD COMMITTEES

The Board has formed the following Committees, each of which is presided by a Non-Executive Director.

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

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

1.3.1 Audit & Risk Committee

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

The Committee consist of the following members: -

Mr. E Khosa	Independent Audit Committee Member (Chairperson) Until 11 March 2022
Mr. L Matshekga	Independent Audit Committee Member
Mr. M Mokgobinyane	Independent Audit Committee Member

Audit and 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.

- Identify financial, business and operational risk areas of the company to be covered in the scope of internal and external Audits.
- Ensure that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitor and review the effectiveness of the Internal Audit function.
- Oversee the relationship of the company with the Auditor General of South Africa.
- Review the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg.
- Review the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible wrongdoing or improprieties in financial reporting and other matters.
- Monitor and review the performance information provided by the company against the approved business plan, the City's Integrated Development Plan and the Growth and Development Strategy and provide to the Board of Directors an authoritative and credible view of the performance of the company.
- Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Oversee that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the Company.
- Ensure that risk management assessments are performed on a continuous basis.
- Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Express a formal opinion on the effectiveness of the system and process of risk management; and
- Review reporting concerning risk management that gets included in the integrated report for it being timely, comprehensive and relevant.

1.3.2 Social, Ethics, and Human Resource Committee

The Committee consists of the following members: -

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

Social, Ethics & HR Committee from 11 March 2022

Dr Kentse Sesele	Non-Executive Director (Chairperson)
Mr. M Maimane	Non-Executive Director
Rev. X. Dlwathi	Non-Executive Director
Mr. T. Mamba	Non-Executive Director

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

- Review reporting concerning risk management that gets included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Select an appropriate comparative source when comparing remuneration levels.
- Advise on the remuneration of non-executive directors.
- Management development and succession plans for executive levels; and
- Make recommendations to the Board where necessary or take approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- The Environment, Health and Public Safety.
- Consumer Relationships.
- Labour and Employment.
- To draw matters to the attention of the Board as occasion requires.
- To report to the Shareholder at the AGM on matters within its mandate.

1.3.3 Development Committee

The Committee consists of the following members: -

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

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
Rev. X. Dlwathi	Non-Executive Director

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

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

1.4 DIRECTORS AND PRESCRIBED OFFICER'S REMUNERATION

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

Table 4: Previous Board of Directors Remuneration as at 31 March 2022

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R144 000
Mr Xolani Dlwathi	Non-Executive Director	R130 000
Mr Siphiwe Mhlongo	Non-Executive Director	R 70 000
Mr Moerane Maimane	Non-Executive Director	R128 000
Mr Themba Mamba	Non-Executive Director	R124 000
Ms Sebongile Bhengu	Non-Executive Director	R 94 000
Ms Brenda Makhanya	Non-Executive Director	R 94 000
Ms Gaby Boikanyo	Non-Executive Director	R150 000

Mr Jason Sobekwa	Non-Executive Director	R128 000
Ms Eugenia Motloung	Non-Executive Director	R 94 000
Mr Nikelo Bangisi	Non-Executive Director	R 94 000
Ms Debbie Raphuti	Non-Executive Director	R 94 000
Ms Kentse Sesele	Non-Executive Director	R130 000
Mr Karabo Modipane	Non-Executive Director	R36 000
Mr Sumesh Varghese	Non-Executive Director	R24 000
Total		R1,534,000

Fees includes payment of adhoc Board Committee meetings.

Table 5: Independent Audit Members Remuneration as at 31 March 2022

Name	Designation	Remuneration
Mr Moshupi Mokgobinyane	Independent Audit Member	R40 000
Mr Lesetsa Matshekga	Independent Audit Member	R50 000
Mr Ernest Khosa **	Independent Audit Member	R138 000
Total		R228 000

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

Table 6: Executive Management Remuneration as at 31 March 2022

Name	Designation	Remuneration
Mr Victor Rambau	Chief Executive Officer	R 1 462 500,25
Ms Nontobeko Ndimande	Chief Financial Officer	R 1 029 060,98
Ms Livhalani Nemaungani	EM: Strategy and Planning	R 936 603.00
Ms Nkululeko Magubane	EM: Housing Development	R 1 027 649.97
Ms Kedumetsi Mokhampanyane	EM: Corporate Services	R 1 027 649.97
Mr Ronald Mutheiwane	EM: Housing Management	R 879 127.47
Total		R 6 828 941.41

1.5 COMPANY SECRETARIAL FUNCTION

The Company Secretary has a key role to play in ensuring that Board procedures are followed and regularly reviewed. The Chairperson and the Board consult with the Company Secretary for guidance on Board responsibilities, under the rules and regulations as well as how these responsibilities should be discharged. All Directors have access to the advice and services of the Company Secretary and recognise that the Chairperson is entitled to support from the Company Secretary in ensuring the effective functioning of the Board. JOSHCO Company Secretary resigned at the beginning of the quarter and Metrobus employee was seconded to assist the board from February 2022.

SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE

This diagram demonstrates how the core business of JOSHCO feeds into the different divisions/departments within the organisation. JOSHCO Core Business comprises of two departments, which is the Housing Development responsible for construction and development of projects: and Housing Management responsible for property management, tenanting and community development. The remaining departments are support functions such as Finance, Legal, Strategy and Human Resources.

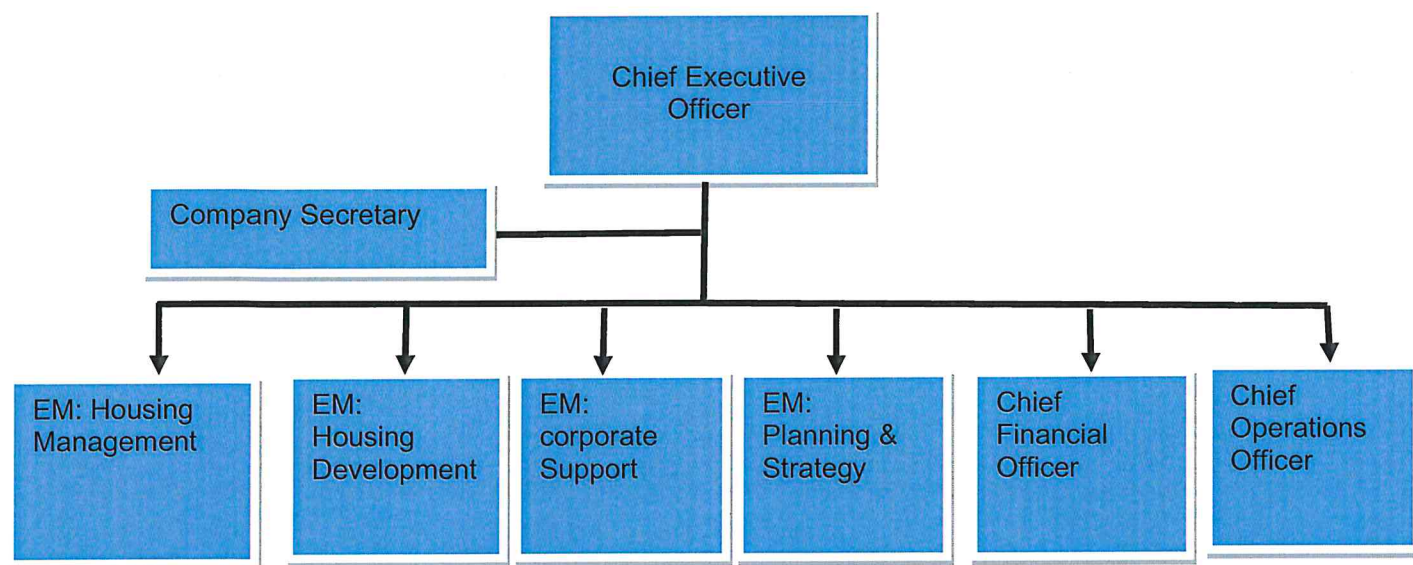


Figure 2: High Level Structure

SECTION 3: RISK MANAGEMENT

The overall oversight role of risk management is vested with the Board of Directors in that the Board is required by Principle 11 of the King IV report to govern risk in a way that supports the organisation in setting and achieving strategic objectives. To that end, each strategic objective is assessed to identify risks that threatens their achievement. In exercising the risk governance responsibility, the risk control implementation plans were reviewed in the quarter. The table below reflects the results of the risk control strategies implemented in the quarter in aiding the achievement of objectives. Furthermore, an internal Operational Risk and Compliance Committee met in the quarter to review operational risk registers. The purpose of the Committee is to assist EXCO in managing the control environment at operational level and to ensure that, audit findings are reduced by implementing mitigation controls timeously.

3.1 RISK ESCALATION METHODOLOGY

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

3.2 CORPORATE RISK ARCHITECTURE



Figure 3: Risk ARCHITECTURE

3.3 JOSHCO'S TOP 5 RISKS:

Top 5 Residual Risk Rating		
Risk No	Risk Description	Inherent Rating
1	Inability to continue as a going concern.	Very High
2	Failure to deliver capital projects on time and within budget.	Very High
3	Lack of cooperation by SMME's.	Very High
4	Failure to develop, attract and/or retain talent.	Very High
5	Business Interruption	Very High

The above table reflects the top 5 risks. These risks are inherent in nature and have influence in the achievement of strategic objectives and robust control environment. Although 5 of 12 risks have a medium residual risk rating through Q1, Q2 and Q3, Management will continue to monitor their movements on a quarterly basis to ensure that they remain within the risk appetite level throughout the financial year and posing no threat to the achievement of objectives and better control environment.

3.4 INFORMATION ON EMERGING/ NEW RISKS





The Constitutional court judgement on 16 February 2022 against the Minister of Finance to invalidate BBBEE Preferential Procurement Regulations emerged. Though further communication that allows organs of state to resume with tenders was later released. The inconvenience caused by the initial communication might result in delays in service delivery since JOSHCO relies on external services in rendering some of its operations such as Housing Development and Maintenance. JOSHCO should seek legal advice on the recently appointed panels of service providers to avoid litigations.

3.5 STRATEGIC RISK STATUS

3.5.1 Progress in the Implementation of Mitigating Controls as at 31 March 2022.

The table below lists the risks as reflected in the strategic risk register in which their mitigation actions are due for reporting as at 31 March 2022: -

Legends

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

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






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

Table 7: Progress in the Implementation of Mitigation Controls as at 31 March 2022.

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment t	Risk appetite Assessment t
				Q2	Q3								Q2	Q3
1	Financial Instability	Inability to continue as a going concern.	H	VH	VH	% Collection in respect of current debt.	1. Installation and activation of Biometrics system at entrance to deny illegal tenants access to JOSHCO properties. The system will also work as a tool to manage rental defaulters.	1. The process of installation of Biometric systems in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway currently at 30%.		5/5	90% of the current rental collection	85% of current rental collection	Rental collection as at 30 December 2021 is at 54% which is way below appetite and tolerance of 90% and 85% more robust interventions required.	Rental collection as at 28 February 2022 is at 57% which is way below appetite and tolerance of 90% and 85% more robust interventions required.
						Remuneration to Opex expenditure up to 40%.	2. Robust tenants engagement drives to understand tenants' needs with the aim of improving customer satisfaction and revenue.	2. Tenants engagement events have been conducted for the following projects in Q3: a) Union Square, b) Antea. JOSHCO is also utilizing the biometrics installation process to consult with all defaulters and sign AOD before			Breakeven point	Expenses exceeding income by 5%	Expenses exceed income by 31% above the appetite and tolerance level of BEP.	Expenses exceed income by 31% above the appetite and tolerance level of BEP.

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	Risk appetite Assessment
				Q2	Q3								Q2	Q3
						Current Ratio.	3.Appointment of a service provider for installation of prepaid vending solution to transfer high electricity bill directly to Tenants.	enrolment of the fingerprints. 3. Prepaid vending solution went live on 11 November 2021 on pilot basis for Dobsonville project. The implementation is ongoing. The service provider trained JOSHCO management team about the system. The system is active, and tenants can purchase electricity after the group supply code is changed to JOSHCO. The System is designed in a way that JOSHCO can upload the tenant rental debt into the system. The system can clearly show the amount allocated for electricity and the amount allocated for			current ratio 1:1	Zero	The current ratio is at 1:0.79 within the appetite level of 1:1	The current ratio is at 1:0.80 not within the appetite level of 1:1


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment t	Risk appetite Assessment t
				Q3	Q2			the rental debt. 4. Appointment of service providers to assist with outdoor advertising to increase revenue. 4. Service provider was appointed in November 2021. Contracting in progress. The project commencement has been delayed due to consultations with end users.					Q2	Q3
						Solvency Ratio								
						Cost coverage ratio		5. The process of installation of Biometric systems in 20 JOSHCO projects in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway currently at 30%.						
2	Governance Failures	Governance Failures	M	M	M	% Implementation of targeted corrective	1. Appointment of ethics champion to drive and instill ethical culture	1. A resolution has been taken to have an ethics champion in the organization and the Risk Manager	↑	2/3	100%	95%	No Audit findings therefore we are within the appetite	No Audit findings therefore we are within the appetite

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	
													Q2	Q3
				Q3		action against audit findings	throughout the organisation. 30 July 2021 2. Annual review of internal controls. 30 July 2022. 3. Municipal supply chain regulations and Finance for non-financial managers training. 30 August 2021	was appointed as ethics champion. 2. Not due for reporting, policies to be reviewed in July 2022. 3. All EXCO members and SCM manager have completed the course at Wits and all members passed.					and tolerance levels	and tolerance levels
3	None	Failure to deliver capital projects on time and within budget.	H	H	H	No of social housing units completed	1. Presentation and submission of JOSHCO contracts that are signed with service providers so that the budget office is aware of existing financial and contractual commitments. 30 July 2021	1. Signed contracts were submitted to the city budget office and the office managed to cut the by R20M instead of the proposed +-R100M by the City. The Golden Highway Project Development Agreement has been terminated. JOSHCO and the Developer		2/3	100% of project completion	75% of project completion	Work in Golden highway were in suspension for the Quarter, therefore it affected 100% implementation of quarterly	Work in Golden highway were in suspension for the Quarter, therefore it affected 100% implementation of quarterly

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	Risk appetite Assessment
				Q2	Q3			are currently considering the Cession Agreement in order to proceed with the project to completion. A Notification of Delay has been submitted by the Developer, noting the abnormal rainfall in the past few months. The Developer is currently quantifying this incident and will be submitted, once all data has been captured into a claim. This has a potential of amending the Practical Completion date further, subject to claim adjudication.					activities.	activities.
							2.Full enforcement of the contract and exercise JOSHCO	2. Contracts have and continue to be enforced by JOSHCO on various project i.e., terminations and						


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	Risk appetite Assessment
				Q2	Q3		remedial provisions. Ongoing.	contract compliance on various projects.					Q2	Q3
							3. Thorough engagement with the community prior to the commencement project. Quarterly	3. The Princess Plot project was blocked by local SMME's demanding increased values of work-packages and different process on work allocations. Engagements took place and the project managed to open in January 2022. Nancefield Station project has and continues to have ongoing stakeholder engagement with various stakeholder interested and affected by the project.						
4	None	Lack of cooperation by SMME's	H	H	M	%Of construction capex spent on SMME	1.Appointment of SETA accredited training providers to train SMME's	1. Currently taking place on site, hence the project has been progressing quite well		3/3	Zero	Zero	There was an incident of SMME's forcing their	There were no SMME's issues during the




Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	
													Assessment t	Assessment t
				Q2	Q3		and improve technical capacity on new projects. Quarterly 2.Enforcement of the SMME's Contractual obligations. Ongoing. 3.Continuous engagements with SMME's. Quarterly	in the past months of implementation. 2. On on-going basis and as when the need arises, JOSHCO contracts are enforced throughout.					Q2	Q3
													way to a meeting and raised complaints of rates in October. The risk is not within the Zero appetite and tolerance level.	
5	None	Minimal Stakeholder and Customer Relations Management	M	M	H	% Customer satisfaction rating	1.Develop and implement stakeholder and customer relations plan was developed and approved by Exco in July 2021. 2.Proactive engagement with the communities through social media and	1.The stakeholder and customer relations plan was developed and approved by Exco in July 2021. 2.1 JOSHCO started weekend sessions to engage tenants and attend to their issues.		3/3	7 working days	Zero	5 registered complains were not resolved within the appetite level of 5 days.	5 registered complains were not resolved within the appetite level of 7 days. The has been service delivery protests by


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating Q2	Residual Risk Rating Q3	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	
													Risk appetite Assessment Q2	Risk appetite Assessment Q3
								Another training was conducted on 19 March 2022 via webinar.						
6	Increasing Safety and Security Incidents	Theft, Injuries, vandalism, and Fatalities	M	H	M	% Compliance to laws and regulations.	1. Installation of buglers in existing and new projects. 30 December 2021	1. There was an issue in Turffontein where their payments were frozen due to protests relating to other issues. Turffontein the service provider is not yet appointed due to the delays caused by tenant boycotts. However, Housing Management is engaging with Finance for approval in terms of the budget to utilize in order to resume with Turffontein and other projects installation of buglers.	↑	4/6	Zero	Zero	One person was killed in Selby and one vehicle was stolen in Citrine Court reported in Q2 which is out of our appetite and tolerance of Zero.	The were no cases reported in Q3 and therefore we are within the appetite and tolerance of Zero.
							2. Installation and activation of Biometrics system at	2. The process of installation of Biometric systems in 20 JOSHCO projects						

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	Risk appetite Assessment
				Q2	Q3								Q2	Q3
							entrance to improve access. 30 December 2021	in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway currently at 30%.						
							3. Installation of CCTV cameras that will be linked to Security control room. 30 December 2021	3. The specifications for the CCTV cameras are submitted. However, the installation of CCTV cameras will be implemented in the financial year due to budget constraints.						
							4. Occupational Health and Safety (OHS) Committee to hold quarterly meetings to address weakness at projects and head office. Quarterly	4. OHS committee meeting held on 23 March 2022. the following was discussed: a) IOD. b) Health and safety training updates, c) Covid 19 stats and vaccination. d) PPE updates (Housing						


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating Q2	Residual Risk Rating Q3	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment Q2	Risk appetite Assessment Q3
								Management). e) Site inspection.						
							5. Develop Tenant education manual to clearly outline the rules of JOSHCO and Tenants. 30 July 2021.	5. The tenant education commenced through webinars. The first and second tenant education was held on 13 December 2021 and 12 February 2022 they were successful. Another training was conducted on 19 March 2022 via webinar.						
							6. Development of Security policy. 30 August 2021	6. The policy to be submitted and approved by Board in Q3.						
7	None	Cyber attack	M	M	H	% Compliance to laws and regulations	1. Employ an accredited Information Security Officer. 30 August 2021	1. The ICT department is in the process of appointing ICT Security Technician, and it is envisaged that the Technician will be appointed in June 2022.		3/4	Zero	Zero	No cyber-attack incident detected from our security assessments. The risk is	There was one (1) Cyber-attack (Phishing) attempt detected by ICT Technicians,

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	
													Q2	Q3
8				VH			2. Implement information Security standards. 30 October 2021.	2. The ICT infrastructure has been upgraded in Q1 and adequate information system has been implemented.					within appetite level of Zero.	the was an issue with a user who received an email from another user, but the alleged user was not aware of it. The risk is outside our appetite level of Zero.
							3. Daily security assessment tests. 30 October 2021.	3. Conducted weekly assessment due to lack of capacity. The Daily information and infrastructure security assessment will be performed once Information Security Technician is appointed.						
							4. ICT Infrastructure upgrade including configuration of both primary and recovery servers. 30 December 2021	4. Fully implemented the ICT infrastructure and the DR Site in Q1						
							1. Appointment of service provider for secondary	1. The Service provider for a secondary network						
	Inability to respo	Business Interruption	M	VH	VH	% Implementation of				3/4	15 minutes downtime	30 minutes downtime	The emails and the saver were	The emails and the saver were

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating Q2	Residual Risk Rating Q3	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	Risk appetite Assessment
	nd to city disasters and business disruptions					targeted corrective action against internal audit findings	networks supply. 30 October 2021 2.Appointment of service provider to develop Business continuity Management System. 30 October 2021 3.Development of Business Continuity and Disaster Recovery Plan. 30 December 2021 4.ICT Infrastructure upgrade. 30 December 2021	was appointed in January 2022 for a 3-year contract and started on 1 March 2022. 2. The service provider for development of business continuity management system has been appointed. The contractor will start in April 2022. 3. Disaster Recovery Plan draft is in place. The plan to be incorporated in the business continuity management system when implemented. 4. ICT Infrastructure upgrade project was completed in Q1.					down in Q2 for more than an hour due to MTC cable theft. Way out of the 15 minutes appetite and 30 minutes tolerance level More intervention required to ensure continuity in the event of interruption.	down in Q3 for more than an hour due to loadshedding and power failure. Way out of the 15 minutes appetite and 30 minutes tolerance level More intervention required to ensure continuity in the event of interruption.
9	None	Inaccurate and unreliable	M	M	H	% Implementation of	1.Implementation of the monitoring tool to	1.Monitoring and Evaluation has implemented		2/2	Zero	Zero	Instances of Performance information	Instances of Performance information

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	
													Assessment	Assessment
				Q2	Q3								Q2	Q3
		performance information				targeted corrective action against audit findings	strengthen quality assurance by Executive Management. Quarterly	evidence monitoring tool in Q1. The system requires the EMs to signoff evidence submitted to support reported performance information.					not supported by evidence or inaccurate reporting prevails. More interventions required.	not supported by evidence or inaccurate reporting prevails. More interventions required.
							2. Biannual performance information Audits conducted by internal Audit. 30 January 2022.	2. Biannual Performance information audit was conducted, and Internal Audit raised findings that includes inaccurate reporting.						
10	None	Failure to develop, attract and/or retain talent.	H	M	H	% Employee occupancy rate	1. Appointment of a service provider to assist with the Job grading exercise. 30 September 2021	1. A service provider was appointed to do job profiling and salary benchmarking. The project commenced in December and currently halfway through. The service provider has submitted their first report and it is envisaged that they		3/4	3% of middle and Senior Managers	5% of middle and Senior Managers	No manager resigned. The risk is within appetite level of 3%	Three (3) 9% of Senior ICT Manager, Company Secretary and EM Corporate Service resigned during the financial

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	Risk appetite Assessment
			Q2	Q3								Q2	Q3
							contributions, once consensus has been reached the policy will be transferred to the Board rectification and sign-off						
	None	Fraud and corruption	M	M	% Compliance to laws and regulation	1.Fraud detection review in collaboration with the city. 1 December 2021 2.Installation of fraud awareness posters/signage in JOSHCO projects. 30 October 2021 3.Partner with marketing and stakeholder relation management department to facilitate fraud and corruption	1.Conducted and confirmed recommended fraud mitigation action with the Line managers in November 2021. 2.Posters not installed due to budget constraint, EM Business planning to engage EM Housing management to assist with the Budget for the installation of posters and signage. 3. In line with the fraud risk assessment, the risk and compliance department conducted fraud awareness with the high-risk departments, namely:	↑	2/3	Zero	Zero	Two (2) cases of fraud were reported, and one case was investigated internally by the Security department with a finding as compared to Zero appetite and tolerance. More awareness required.	Two (2) cases of fraud/Maladministration were reported to GFIS, investigations are underway as compared to Zero appetite and tolerance. More awareness required.

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	Risk appetite Assessment
												Q2	Q3
12	None	Dilapidation of tenanted buildings	M	M	Number of properties received major maintenance upgrade	1.Maintenance work to be certified and signed off by portfolio managers. Ongoing	1.The re-alignment of services within the Housing Department has been done through the Organisational Design process. going forward maintenance will be the responsibility of the Portfolio Managers.		2/3	100% of Planned and unplanned maintenance	95% of Planned and unplanned maintenance	JOSHCO achieved 93% of maintenance during Q2 compared to the appetite of 100% and tolerance level of 95%.	JOSHCO achieved 85% of maintenance during Q3 compared to the appetite of 100% and tolerance level of 95%.
						2.Property management Training for Housing supervisors. 30	2. Housing supervisors attended property management training.						

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2021	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status (Mitigations implemented/total identified)	Appetite	Tolerance	Risk appetite Assessment	
				Q2	Q3								Q2	Q3
							October 2021. 3. Installation of CCTV cameras that will be linked to Security control room. 30 December 2021	3. The specifications for the CCTV cameras were submitted. However, the installation of CCTV cameras will be implemented in next the financial year due to budget constraints.						

Based on the above, the total percentage of actions implemented to manage the residual risk(s) around the control environment for the quarter is **81%** against quarterly target of **80%**. Implementation of some of the controls are dependent on the appointment of service providers. The assessment revealed significant progress in the implementation of mitigations actions/controls for improvement in Q3.

Number of mitigations actions = 43

Number implemented in Q3 = 35

% Target in Q3 = 80%

% Achieved in Q3 = 81%

Although there has been progress in the implementation of mitigations by various departments, the risk exposure of some risks remains outside the risk appetite and tolerance level. The impact/results of the implemented mitigation action by departments will only be realised after 3 to 6 months of implementation in some instances such as the installation of vending solutions to improve revenue collection. The risk management Department will continue to closely monitor the movement of the risk appetite and tolerance levels.

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

The Board, Committees and management continued to subscribe to Principle 1 of the King IV report on Corporate Governance for South Africa 2016 that state "the governing body should lead ethically and effectively". The governing body should further continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000. The Risk and Compliance Department conducted internal fraud awareness which was informed by the Fraud Risk Assessment. The awareness focused on high-risk departments which includes Finance, Supply Chain Management, Housing Management and Human Resource.

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

All reported fraud and corruption allegations are investigated through the GFIS unit in the city and reports that indicate progress made on the investigations are provided to JOSHCO quarterly. Two (2) new cases were reported in Q3. The following table provide progress provided by GFIS on open cases.

There's been minimal progress and feedback from GFIS with regard to fraud and corruption investigation. JOSHCO should explore contracting investigations to a service provider due to delays in investigations and failure to give progress reports.

Table 8: Progress on open cases

GFIS_no	Date Registered	Allegation	Status
19/12/2020	2020/12/08	Alleged fraud and corruption into issuing of flats units at JOSHCO-by-JOSHCO employee.	In Progress
GFIS-27/09/2021	2021/09/20	Fraudsters posing as agents of JOSHCO or convincing the unsuspecting public that they are JOSHCO employees are taking a sum of money from the public in return for what they term as an "application fee".	In progress
GFIS12/11/2021	2021/11/02	Moja TV shooting	In progress
GFIS 39/12/2021	2021/12/15	Alleged maladministration with regards to recruitment.	In progress
GFIS 40/01/2022	2022/01/27	Alleged maladministration with regards to recruitment.	In progress

SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS

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

Furthermore, JOSHCO employees' complete declaration of interest forms on an annual basis to ensure that employees are transparent about their business interests outside of the organisation and that any close relatives or associates are identified to avoid conflicts between JOSHCO and the service providers that will be conducting business with. To date, **(100%)** of JOSHCO staff have completed and submitted their annual declaration.

SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE

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

organisation setting and achieving its strategic objectives". JOSHCO ICT is aligned to the following Frameworks and Best Practices:

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

JOSHCO ICT seeks to improve on its governance frameworks and universe, by adopting best practice frameworks to strengthen ICT Service Management, ICT Security and ICT Business Continuity. The following is the details of some interventions implemented in the 3rd quarter in order to improve the ICT environment

6.1 Network Roll Out of Network Points at 61 Juta Street

JOSHCO appointed a network service provider to supply, install and maintain Network infrastructure. The service provider is currently installing the cables and Access Points (AP) at the JOSHCO building in 61 Juta Street. The building is however still under construction, which becomes a dependence to the ICT team to complete their portion of work since there are dependences from the construction team. Sites visit to calculate how many numbers of Switches, Access Points and Network Points are required in the new building which includes redundancy and high availability. These is done to mitigate the problem of network availability that has been an issue at JOSHCO for year. As soon as the new networks are operational, and the JOSHCO Head office is open the issues of systems unavailability must be minimal with the measures being implemented.

6.2 Installation and Configuration of Microsoft System Centre Configuration Manager (SCCM)

The SCCM tool is a Windows product that enables the management, deployment and security of devices and applications across an enterprise. Amongst other potential use, administrators will commonly use SCCM for endpoint protection, patch management and software distribution. The other benefit from this tool is that it helps us to build an image that is used as our laptops image that contains all standard software used by the company. It also assists us to manage the software installed in the JOSHCO laptops to ensure that users are not installing software that is a risk to the company and is licenced. One can extract a report of software installed in all JOSHCO Laptops whether authorised or unauthorised. In short, SCCM is capable of doing software asset management as well.

The deployment was performed by the JOSHCO ICT Team with the assistance of the Microsoft Professional Field Engineer (PFE).

6.3 Systems Availability

The systems have been available in a much satisfactory so far however there is high expectations waited for when the 61 Juta Street project is completed and handed over. The most impacting issue currently has been loadshedding, cable theft and fibre cuts. We are looking at the second link in order to mitigate this problem.

6.4 Patch Management

Patch management has been happening on monthly basis as Microsoft release monthly update/patches and updates has been deployed without fail since the SCCM tool was installed. Security updates are being deployed without difficulty and systems are up to date with security patches.

6.5 Backup

JOSHCO uses a service provider for these services which is doing well. All system and servers are backed up on daily basis using Veeam backup solution. Daily report or successful back and restore are share on daily basis by the engineer responsible.

Table 9: ICT Activities for the Quarter ending 31 March 2022

KPI	2021/22 Target	Q3 Target	Q2 Performance	Evidence and Comments
Implement ICT Strategic Roadmap	Approved Technology Architecture	a) Implement Technology Architecture		The service provider that has upgraded the infrastructure will assist the department with the development of the architecture. Due to urgent ICT challenges that needed to be address, the development of the architecture was delayed. This will be prioritised in the new year
SAP Enterprise Resource Planning and Implementation	As per Coj Programme plan	b) Provide, Support and Maintenance during implementation		The City is implementing the HR module and ICT is part of the task team and providing ICT related support to the user department
Automate customer communication and request channels	Implement Multichannel Solutions and mobile App	a) Pilot Multichannel Solutions and mobile App		Two modules were developed, tested by user departments and deployed. However, piloting has not yet been done.
Automate queue management process	Implement Queue Ticketing System	a) Implement Queue Ticketing System		The specification will be finalized in the new quarter to ensure that the system is ready when the building is completed

Applications management	Applications management	Implement Public Website		Specification has been developed. The service provider will be appointed in the next financial year
	Data, Information and Knowledge management	Implement Document Management System and Intranet		This was affected by budget, and it has been included in the next financial year budget
Capacity management	Appointment of Information Security Officer, Network and Server Technician and Knowledge Management Officer	Appointment of at least one officer		An additional Technician was appointed with the following skills: Microsoft Platforms, Active Directory and Exchange Skills. An additional request for an ICT specialist has been put through to HR for actioning
ICT Infrastructure and Operations management	Implement a stable ICT infrastructure	a. JOSHCO Head Office Network Upgrade b. Server room construction (cooling, fire detection and suppression, raised flooring, environmental monitoring, Server upgrade and monitoring tool c. Smart boardroom solution with fully converged		The service providers are on the ground for all three projects. We anticipate that work will be completed when the office opens.
ICT Service Delivery Management	Q2 Quarterly Report	Quarterly Reports: User satisfaction at least 85%		
		Initiate licenses procurement 3 months before expiration date		
Business continuity	Implement Disaster Recovery Plan	Development Disaster recovery plan		The service provider for business continuity management system which include development of disaster recovery plan has been appointed and commenced with work from 1 April 2022
ICT Risk and Audit Management	ICT Operational Risks and Audit Reports	Quarterly assessment of the ops risk and quarterly review and reporting		Done.

		Report on all ICT audit findings, identified risks and identified non – Compliance activities, Identified Strategic and operational risks, and non-compliance findings		Done
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SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS

JOSHCO uses the EXCLAIM! Compliance software to monitor compliance with relevant legislation. A total of twenty-nine (29) Acts and regulations are applicable to JOSHCO's operations and appear on the Regulatory Universe. The Private Security Industry Regulation Authority Act 56 of 2001 that was identified as key to JOSHCO was included in the regulatory universe and assessed for the first time in the third quarter.

Table 1 of annexure A reflects the twenty-nine Acts that were assessed in the third quarter. We have seen 24 acts that have reached 100% compliance while 5 Acts are still not at 100% compliance. Remedial actions on the legislations that are below 100% compliant is provided with progress made by Acts owners in implementation.

Table 10 reflects an action plan of Acts that are below 100% compliance level.

Table 10: Action Plan of the assessed legislations

Act Name	Q2	Q3	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
1. Companies Act, No. 71 of 2008	98.9%	98.9%	The variance relates to the absence of documents/records based on previous audit findings. The Act requires documents/records to be kept for a period of 7 years.	Proper document management.	Office of the Company Secretary	Record keeping has been improved. However, non-compliance will remain until 7 years lapses	Full compliance with the section will be reached in 2023.
2. Electronic Communications and Transactions Act, No. 25 of 2002	92.31%	92.31%	The variance relates to: JOSHCO does not have an electronic filing and issuing of document system. The process is performed manually.	Obtain electronic filing and issuing system.	ICT	<ol style="list-style-type: none"> 1. A service provider to be appointed to roll out the MS Share Point System (Document Management system). Provision has been made in the budget for roll-out in the next financial year 2. A request has been submitted by the Risk and Compliance manager to HR for POPI Training, it is envisaged that training will take place in April 2022. 3. The newly appointed Company Secretary will do the appointment of a records manager. 	30 September 2022

Act Name	Q2	Q3	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
3. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	82.5%	88.2%	The variance relates to the requirement for senior managers, supply chain managers, and officials to meet competency levels for financial and supply chain management.	Training to be provided for supply chain officials. Training to be rolled out in 2 financial years because of the budgetary Considerations. Some of the supply chain management officials are currently enrolled for their undergraduate degrees and may meet the necessary competency level once completed.	Corporate Services	1. All Executive Managers and Supply chain Manager successfully completed the training and have met the competency levels. 2. Some supply chain management officials are currently busy with undergraduate qualifications, however those with minimum qualifications will be enrolled with Wits.	30 June 2023

Act Name	Q2	Q3	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
4. Protection of Personal Information Act, No. 4 of 2013	92.5%	92.5%	The variance relates to the failure to conduct a personal information impact assessment to ensure that adequate measures and standards exist in order to comply with the conditions for the lawful processing of personal information.	Need for functional document management system.	Office of the CEO	<p>1. A service provider to appointed to roll out the MS Share Point System (Document Management system). Provision has been made in the budget for roll-out in the next financial year.</p> <p>2. A request has been submitted by the Risk and Compliance manager to HR for Training for POPI implementation, it is envisaged that training will take place in April 2022.</p> <p>3. The appointment of a records manager will be done by the newly appointed Company Secretary.</p>	30 June 2022

Act Name	Q2	Q3	Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
5. Rental Housing Act, No. 50 of 1999	96,3%	96,3%	The variance relates to the subletting of units by tenants without JOSHCO's consent.	JOSHCO, through the Housing Management department has embarked on a process of regularising qualifying tenants in line with approved policies. The process will continue until all JOSHCO units are occupied only by lawful tenants.	Housing Management	<p>1. Regularisation is an ongoing process and tenants who fail to qualify and refuse to vacate the units will be handed over for evictions. Applications have been coming in from illegal occupants to be regularized.</p> <p>2. Biometrics installed in 20 projects, and this will assist with monitoring unauthorised entry into JOSHCO premises. The remainder of the projects will be completed in the next Financial Year.</p> <p>3. Addendum leases have been signed</p>	30 June 2022

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

SECTION 1: RESPONSE TO STRATEGIC DIRECTION

The City of Johannesburg has reviewed its priorities post the election and formation of new government well known as Multiparty Government. The entity has now aligned its objectives to the new strategic objectives as reflected in the table below:

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

Multiparty Government (MPG) Objectives	Mayoral Priorities	MPG strategic interventions	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<ul style="list-style-type: none"> • Access to reliable and clean water (2.1) • Ensure hygienic environment (2.2) • Access to electricity (2.3) • Holistic infrastructure strategy (2.6) 	1. A city that gets the basics right		<ul style="list-style-type: none"> • To become a customer centric company (2.4) 	<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, as per Service Delivery Agreement • Alignment with SHRA's requirements, as regulator
<ul style="list-style-type: none"> • Ensure hygienic environment (2.2) • Reclaim public spaces (2.4) • Tough on crime (2.7) 	2. A safe and secure city		<ul style="list-style-type: none"> • To maintain quality and safe living environment for all JOSHCO tenants (2.6) 	<ul style="list-style-type: none"> • Secured projects that guarantee tenant and JOSHCO staff safety, through: <ul style="list-style-type: none"> ○ Access controls ○ Biometrics and CCTV installations
<ul style="list-style-type: none"> • Sustainable Housing (2.9) • Keeping communities in good health (2.10) • Multilingualism and heritage (2.16) 	3. A caring city	Sustainable Housing (MPG priority)	<ul style="list-style-type: none"> • Become a customer centric company (2.4) • Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) (2.3) 	<ul style="list-style-type: none"> • Student accommodation delivered in Regions F and D • Roof top gardens in all suitable building to increase food security for the tenants • Early childhood centres in projects to support children development while building a community
<ul style="list-style-type: none"> • Job Creation and Investment in local economy (2.8) 	4. A business-friendly city		<ul style="list-style-type: none"> • Contribute towards economic development through Small, Medium and Micro-sized Entity (SMME) support and job creation (2.2) 	<ul style="list-style-type: none"> • Upliftment of communities through provision of financial and non-financial support to local SMMEs on construction projects • Skills development and job creation

Multiparty Government (MPG) Objectives	Mayoral Priorities	MPG strategic interventions	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<ul style="list-style-type: none"> Reclaim public spaces (2.4) Safe and affordable public transport (2.5) Combat illegal immigration (2.17) 	5. An inclusive city	<ul style="list-style-type: none"> Development plans that make your neighbourhood more liveable, enjoyable, and accessible Low-rent and rent-to-buy units in mixed income developments Development of mixed-use requirements for all housing projects 	<ul style="list-style-type: none"> Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) (2.3) To become a customer centric company (2.4) 	<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 reduce corruption (2.11) Devolution of power (2.12) Institutional reconfiguration (2.14) Affordable services and tariffs (2.15) 	6. A well-run city	<ul style="list-style-type: none"> A financially sustainable City Improving and strengthening the City's financial position through prudent financial management practices 	<ul style="list-style-type: none"> Become a financially sustainable entity (2.1) Strengthen governance and compliance (2.5) 	<ul style="list-style-type: none"> A solvent company Improved revenue collection Diversification of revenue stream (student accommodation, outdoor advertising, management fee, other mechanisms) An unqualified Audit Opinion
		<ul style="list-style-type: none"> Redefined customer centric service delivery value chain Improved customer satisfaction and quality of life 	<ul style="list-style-type: none"> Become a customer centric company (2.4) 	<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 Improved visibility of JOSHCO brand
		<ul style="list-style-type: none"> Qualified, capable and customer-oriented city officials 	<ul style="list-style-type: none"> Become a customer centric company (2.4) 	<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"> Strengthen governance and compliance (2.5) 	<ul style="list-style-type: none"> Accurate and reliable performance information
		<ul style="list-style-type: none"> Zero tolerance to corruption 	<ul style="list-style-type: none"> Strengthen governance and compliance (2.5) 	<ul style="list-style-type: none"> 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

Multiparty Government (MPG) Objectives	Mayoral Priorities	MPG strategic interventions	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
		<ul style="list-style-type: none"> Plug revenue leakages and increase proactive maintenance of infrastructure 		<ul style="list-style-type: none"> Improved quality of JOSHCO project buildings through building conditions assessments, and ongoing maintenance
<ul style="list-style-type: none"> Access to reliable and clean water (2.1) 	7. A Smart City	<ul style="list-style-type: none"> A Smart City that embraces Information and Communications Technology (ICT) innovation as a force for good 	<ul style="list-style-type: none"> To maintain quality and safe living environment for all JOSHCO tenants (2.6). 	<ul style="list-style-type: none"> Social housing projects that are environmentally friendly, through design (including alternative energy solutions and rainwater harvesting) Smart metering system and monitored
			<ul style="list-style-type: none"> Become a customer centric company (2.4) 	<ul style="list-style-type: none"> Improved application and leasing processes, supported by fully operational JOSCHO App Increased operational efficiencies and improved communication with stakeholders Seamless business continuity supported, through effective backup and disaster recovery systems
		<ul style="list-style-type: none"> Improved supply chain management and accountability through the open tender system and smart apps 	<ul style="list-style-type: none"> Strengthen governance and compliance (2.5) 	<ul style="list-style-type: none"> Sound reputation in terms of payment of suppliers within 30 days

SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

JOSHCO continued with implementation of its deliverables as outlined in the business plan. The following are highlights of the quarter.

- JOSHCO held a sod turning event on the 22 March 2022 at one of its upcoming turnkey projects, Riverside View. The event was led by the Mayor, the MMC of Housing together with the chairperson of the board.
- JOSHCO has implemented various interventions as part of the 100 days programme of the MMC. The interventions included tenants engagement session at various properties, site visits to projects that are under construction and media interviews

SECTION 3: SERVICE DELIVERY CHALLENGES

Below are key challenges that were encountered during the quarter under review. Some of the challenges are perpetuating however measures are put in place

- Rental collection remains a challenge. As an additional measure, two more debt collecting companies were sourced through the city panel
- Tenants resistance to renew expired leases due to that they are in arrears
- Some projects were experiencing contractual challenges during the period under review, which resulted in one contract terminated and some halted.
- Productivity level in some sites slowed due to contractors being uncertain if invoices of work done will be paid timeously since budget adjustment approval process was delayed.

SECTION 4: CAPITAL PROJECTS PERFORMANCE

4.1: PROJECTS UPDATE

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

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

4.1.1 State of capital Inner City programme

Table 12 below presents the Inner-City projects implemented by JOSHCO. In total JOSHCO will deliver a total of 257 completed units within the Inner City, through completion of Abel Street project during the current financial year. There are other projects that are at different stages of pre-construction and construction within the Inner-City programme and are reflected below.

Table 12: Inner City programme

Ref	Project Description	No Of Units	Original start date	Original completion date	Revised Completion Date	Comments on project timelines
1	106 Claim Street Inner City Building Conversion Region F	80	21/11/2018	27/09/2019	Currently being revised.	Project is practically complete, although a Lift is outstanding. The appointed sub-contractor that was engaged on Lift installation

						<p>got liquidated and could not proceed with works on site.</p> <p>JOSHCO has initiated a process of acquiring additional budget (through Inner City budget) in order to procure and appoint a new lift installation sub-contractor to complete this section of the works.</p> <p>This has resulted in major delays on the completion of this project, while all other works are complete on site.</p> <p>Once an appointment of a new sub-contractor has been made, a new Practical Completion date will be established.</p>
2	38 Rissik Street (NBS) Inner City Building Conversion	+300	Project packaging stage	To be determined once service provider is appointed.	To be determined after procurement.	<p>Procurement for Professional team is underway through a JOSHCO Panel of Professionals.</p> <p>Once concluded during quarter four of the financial year, the professional team will commence with feasibility study for the project.</p> <p>A pre-construction planning programme will be established with the appointed service provider to indicate when will various stages of project planning be concluded and approved.</p>
3	50 Durban Street Inner City Building Conversion Region F	104	12/02/2018	11/02/2020	30/03/2022	<p>The Professional team and main Contractor currently finalizing all Certification of Compliance, while di-snagging in other areas of the project.</p> <p>JOSHCO project team was working towards reaching Practical Completion at the end of March 2022. This could not be achieved as the main Contractor had a few snags to rectify before final inspection to hand-over the project.</p> <p>A project hand-over process between Housing Development and Housing Management is envisaged to commence during the month of May 2022.</p>
4	Abel Road Inner City Building Conversion Region F	257	16/01/2018	01/07/2020	25/04/2022	<p>The project is currently at Completion stage, Lifts have been installed, Fire Engineering equipment installed and inspected, now awaiting Local Authority Inspection.</p> <p>Main Contractor has appointed a water-proofing specialist</p>

						Contractor, after rainwater leaked through the building and damaged the lower floors-soffits and other wall-areas during Builder's break period.
5	Booyssens Place	-250	Pre-construction stage.	To be determined once the main Contractor is appointed	To be determined once the main Contractor is appointed.	<p>Professional team has been appointed and commenced with project pre-construction planning stage.</p> <p>Stage 2 of feasibility study has been concluded, with Professional team finalizing Concept design of the project, to be presented to JOSHCO management.</p> <p>The Professional team will proceed with Stage 3 in quarter four (4) of the financial year.</p>
6	Casa Mia	80	Pre-construction planning and design.	To be determined once the main Contractor is appointed	To be determined once the main Contractor is appointed.	<p>The project is currently at pre-construction planning and design stage. The Professional team has been appointed and commenced with Project Scoping.</p> <p>The project has been submitted to Inner City Safety Committee on hijacked buildings in order establish safe access to the building by the Professional team.</p> <p>The initial plan to visit the project on 24th of March 2022 with various stakeholders and Law enforcement agencies, such as JMPD, SAPS and private security companies was postponed. A new date for this programme would be set within the same security platform that is implementing the programme. This would provide JOSHCO with a much-required support to execute the Eviction Order it has against the illegal occupants currently in the property.</p> <p>The project team will continue to liaise with various stakeholders to establish a new date for quarter 4 execution.</p> <p>This would allow the Professional team to access the building for physical scoping of the project.</p>

Table 13 below reflect the number of units to be delivered within the Inner-City programme:

Table 13: Inner City Programme

PROJECT NAME	APPROVED NO OF UNITS	PROPOSED NO OF UNITS	Q1	Q2	Q3	Q4	ANNUAL TARGET AND VERIFICATION.
16 Abel Street	257	257	0	0	0	257	Completion certificate.
TOTAL	257	257	0	0	0	257	257

4.1.2 State of Greenfield Programme

The table below reflects the details of start and completion dates of various projects. The start and completion dates of the projects are in line with the signed Development Agreement or JBCC of the project.

It should be noted that, depending on the outcome of extension of time claims submitted by main Contractors, the dates may be amended if the claim is awarded with or without cost, depending on the incident the main Contractor is claiming against. Any extension of time claim awarded directs the review of a Construction Programme. The adjudication of whether to award extension of time claim (with or without cost) is concluded by independent Project Managers and Quantity Surveyors and recommendations are made to JOSHCO. Should a claimable incident occur on site, it affects the table below:

Table 14: Greenfield programme

Ref	Project Description	No Of Units	Original start date	Original completion date	Revised Completion Date	Comments on project timelines and progress.
1	Lufhereng Social Housing Project	407	01/09/2019	30/08/2021	30/10/2022	<p>The project is proceeding well on site, with main Contractor working on finishing activities on the projects.</p> <p>The Developer claimed seven months of extension of time following suspension of works that occurred in the previous financial year. After adjudication by the Professional team and JOSHCO, only four months (120) could be awarded to the Developer. This has brought a two (2) month additional time for the Developer.</p> <p>A Notification of Delay has been submitted by the Developer, noting the abnormal rainfall in the past few months. The Developer is currently quantifying this incident and will be submitted, once all data has been captured into a claim. This has a potential of amending the Practical</p>

						<p>Completion date further, subject to claim adjudication. JOSHCO will address this claim, once formally submitted by the Developer.</p> <p>Current work activities on site include installation of carports, snagging & de-snagging of units, landscaping and testing of services across the project.</p> <p>The Developer has invited the Professional team for Practical Completion inspection for phase 1A, comprising of 68 units that can be handed over for tenancing in quarter four.</p> <p>Project team is monitoring the project closely in order to ensure the project achieves planned Practical Completion of October 2022 for the balance of the phases.</p> <p>There were 265 unit reported as not having services in the previous FY. Of the 265, a total of 68 has been connected and reached Practical Completion level, as per Q3 report.</p> <p>An additional 78 will be reach Practical Completion at the 2022</p> <p>The balance of 119 units are currently underway to reach the same level of Practical Completion and will be reported at the time.</p>
2	Nancefield Social Housing Project	372	04/05/2021	04/11/2022	04/11/2022	<p>The project is progressing well.</p> <p>Although the main Contractor lost time during Q2, intervention by the Professional team and JOSHCO Management has yielded results, as the Contractor managed to commence with top-structure construction on site during Q3 of the financial year.</p> <p>The main Contractor experienced rainfall related delays during Q3 but managed to proceed with other site work activities. The rainfall impact is currently being quantified by the main Contractor for extension of time claim to be submitted for adjudication in line with the signed JBCC.</p> <p>JOSHCO and its Professional team continue to closely monitor the main Contractor performance on site in order to early detect and respond to any potential delays that may arise.</p>
3	Princess Plots Social Housing Project	333	01/11/2019	22/06/2021	21/05/2022	<p>Princess Plot project will yield a total of 333 units upon completion.</p> <p>So far, the project is progressing well towards the planned Practical Completion in June 2022.</p> <p>The main Contractor on site is engaged on internal finishes of the units, while connecting and testing electrical and</p>

						plumbing services on site.
4	Randburg Selkirk Social Housing Project	145	20/11/2020	19/11/2021	30/11/2022	<p>The project will yield a total of 145 units upon completion.</p> <p>The Professional team has made submissions of new SDP and Building Plans to Development Planning and Building Control for approval.</p> <p>After at least thirty days (30) of submission in circulation, around mid-April 2022, the Professional team will apply for a Section 7(6) of National Building Regulations, so the main Contractor can commence on site earlier, while approvals are being sought.</p>
5	Roodepoort Social Housing Upgrade	92	2/8/2019	2/9/2020	30/04/2022	<p>All units on the project have been complete, except connection of electricity and sewer line. The sewer line was under-designed by a previous Civil Engineering firm that was expelled on the project in FY: 19/20.</p> <p>A Contractor was appointed for the Sewer upgrade, currently taking place on site. The Contractor got delayed due to an abnormal rainfall during the month of January 2022, resulting in heightened water-table level.</p> <p>This resulted in major delays, as the Contractor would have to pump-out and drain water out of trenches in order to continue with works.</p> <p>The Contractor is progressing fairly well on site, with Completion date of April 2022 as a revised date.</p>
6	Golden Highway Social Housing Project	333	11/10/2019	10/09/2021	Based on the revised construction programme, the project will be completed in October 2023.	<p>The Developer has defaulted on the contractual agreement and stopped working on site.</p> <p>In line with the Agreement, JOSHCO firstly issued a notice to cancel, which was accordingly followed by a Termination of the Development Agreement in February 2022.</p> <p>The Developer tried to propose a Cession Agreement in favor of another capable developer but could not be complied with by the very Developer.</p> <p>The Project Review Consultant has re-packaged the project and is currently on a procurement process to procure and appoint new Contractor to complete the works by mid-April 2022.</p>
7	Jeepestown Social Housing	1336	20/01/2021	21/02/2023	No revised date yet.	<p>JOSHCO has terminated the Development Agreement with the Developer, due to contractual defaults by the Developer.</p> <p>Processes are underway to secure an alternative piece of land within Region F, to proceed with the project.</p>

						<p>Currently a feasibility assessment to determine the number of units that can be developed on Malvern site (one of JOSHCO land portions) is underway.</p> <p>More and additional pieces of land will continue to be identified, as the first one is smaller to fit the entire project units.</p> <p>A feasibility study on suitable land for development is scheduled for submission to JOSHCO by the end of April 2022.</p>
8	Riverside Social Housing	1108	28/01/2021	22/02/2023	No revised date	<p>The project is progress well on site.</p> <p>All Civil and Electrical engineering services have been installed on site, making way for top-structure construction to proceed.</p> <p>Site has been handed over to the main contractor to proceed with works on site.</p> <p>The main contractor will commence with top-structure construction of the first 180 units towards the end of March 2022.</p>
9	Edenburg Social Housing	1031	21/01/2021	22/02/2023	No revised date.	<p>Pre-construction designs and engineering services reports have been submitted to Local Authority and are currently in circulation for approval.</p> <p>Land transfer process has been initiated and currently underway, although delayed and is expected to conclude during quarter 3 of the financial year 2021/22.</p> <p>The Developer is preparing on site to commence with road expansion, which is part of the requirements by JRA to support the development.</p> <p>The top-structure construction is expected to commence during quarter 4 of the financial year, a requirement by CoJ for the project to receive Town Planning approvals.</p>

4.2 JOB CREATION AND SMME EXPENDITURE

JOSHCO has created additional 108 EPWP jobs during the 3rd quarter resulting in a cumulative year to date 321 EPWP employment. The table below reflects the expenditure on SMME's from projects where construction activities were implemented during the quarter where R2.6 million was spent on SMMEs.

Table 15: SMME Expenditure.

Project Name	Project Expenditure	SMME Expenditure	Percentage Exp
Nancefield Station	R18,376,463.31	R242 177,89	1,32%
Lufherheng Social	R8,140,727.55	R2 406 279,46	29,56%
Princess Plot	R32,657,806.16	R1 476 732,75	4,52%
TOTAL	R59,174,997.02	R4 125 190,10	6.97%

4.3 CAPITAL PROJECTS AND EXPENDITURE

For 2021/22 financial year, JOSHCO had been allocated a total budget of R 648 000 million. This was followed by a downwards budget adjustment of R 20 million, which result in a revised capital budget of R 628 million. As at the end of third quarter, the Entity managed to spend a cumulative total of R 439 million, which translate to 70%, against a target of 70% for the quarter.

Table 16: CAPITAL Expenditure per category:

Expenditure Category	Construction	Pre-construction	Inner City	Land Acquisition
Planned expenditure	R270,134,995.94	R8,175,723.00	R15,892,560.00	R162,377,827.00
Expenditure	R 252,523,062.19	R 2,434,661.58	R 27,532,613.17	157,055,457.18
Expenditure Percentage	40%	0%	4%	25%

Table 17: Cumulative Expenditure Report as at 31 March 2022.

EXPENDITURE REPORT (Accumulative expenditure at Quarter Three 2021/22): CAPITAL PROJECTS 2021-2022																	
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	PROJECTED QUARTER ONE CASH-FLOW	QUARTER ONE ACTUAL	QUARTER ONE VARIANCE	Expe %	PROJECTED QUARTER TWO CASH-FLOW	QUARTER TWO ACTUAL	QUARTER TWO VARIANCE	Cummulative Q2	Exp %	PROJECT QUARTER THREE CASH-FLOW	QUARTER THREE ACTUAL	QUARTER THREE VARIANCE	CERTIFIED CLAIMS	% VARIANCE	
SOWETO CBD-EMPIRE-PERTH	Nancefield Station	R 60,000,000.00	R 24,152,053.00	R 21,073,541.46	-R 3,078,511.54	35%	R 44,335,099.24	R 7,553,501.59	-R 36,781,597.65	R 28,627,043.05	48%	R 15,250,000.00	R 23,732,166.31	R 8,482,166.31	R 52,339,209.36	87%	R 7,640,790.64
	Luthereq Social Housing	R 96,000,466.00	R 36,250,066.00	R 34,786,464.49	-R 1,463,601.51	36%	R 35,245,965.87	R 9,954,827.56	-R 25,291,138.31	R 44,741,292.05	47%	R 18,540,230.00	R 39,404,286.37	R 20,864,056.37	R 84,145,578.42	88%	R 11,854,887.58
	Golden Highway Social Housing-Devland	R 50,000,000.00	R 10,013,340.38	R 16,285,483.32	R 6,272,142.94	33%	R 14,393,135.45	R 1,306,386.64	-R 13,086,748.81	R 17,591,869.96	35%	R 9,514,290.00	R 0.00	-R 9,514,290.00	R 17,591,869.96	35%	R 32,408,130.04
SUB-TOTAL A		R 206,000,466.00	R 70,415,459.38	R 72,145,489.27	R 1,730,029.89	35%	R 93,974,200.56	R 18,814,715.79	-R 75,159,484.77	R 90,960,205.06	44%	R 43,304,520.00	R 63,136,452.68	R 19,831,932.68	R 154,096,657.74	75%	R 51,903,808.26
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	PROJECTED QUARTER ONE CASH-FLOW	QUARTER ONE ACTUAL	QUARTER ONE VARIANCE	Expe %	PROJECTED QUARTER TWO CASH-FLOW	QUARTER TWO ACTUAL	QUARTER TWO VARIANCE	Cummulative Q2	Exp %	QUARTER THREE	QUARTER THREE ACTUAL	QUARTER THREE VARIANCE	CERTIFIED CLAIMS	% VARIANCE	
		R 1,500,000.00	R 0.00	R 0.00	R 0.00	0%	R 0.00	R 0.00	R 0.00	R 0.00	0%	R 500,000.00	R 0.00	-R 500,000.00	R 0.00	0%	R 1,500,000.00
		R 32,000,000.00	R 3,250,450.00	R 6,201,670.30	R 2,951,220.30	19%	R 5,540,610.00	R 3,325,911.08	-R 2,214,698.92	R 9,527,581.38	30%	R 7,101,500.00	R 9,106,031.67	R 2,004,531.67	R 18,633,613.05	58%	R 13,366,386.95
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	PROJECTED QUARTER ONE CASH-FLOW	QUARTER ONE ACTUAL	QUARTER ONE VARIANCE	Expe %	PROJECTED QUARTER TWO CASH-FLOW	QUARTER TWO ACTUAL	QUARTER TWO VARIANCE	Cummulative Q2	Exp %	QUARTER THREE	QUARTER THREE ACTUAL	QUARTER THREE VARIANCE	CERTIFIED CLAIMS	% VARIANCE	
		R 1,500,000.00	R 0.00	R 0.00	R 0.00	0%	R 500,000.00	R 0.00	-R 500,000.00	R 0.00	0%	R 500,000.00	R 0.00	-R 500,000.00	R 0.00	0%	R 1,500,000.00
		R 24,500,000.00	R 0.00	R 0.00	R 0.00	5%	R 0.00	R 0.00	R 0.00	R 1,247,797.89	5%	R 2,500,550.00	R 0.00	-R 2,500,550.00	R 1,247,797.89	5%	R 23,252,202.11
SUB-TOTAL B		R 61,000,000.00	R 3,250,450.00	R 7,449,468.19	R 4,199,018.19	12%	R 6,040,610.00	R 3,325,911.08	-R 2,714,698.92	R 10,775,379.27	18%	R 11,257,253.00	R 9,327,599.30	-R 1,929,653.70	R 20,102,978.57	33%	R 40,897,021.43
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	PROJECTED QUARTER ONE CASH-FLOW	QUARTER ONE ACTUAL	QUARTER ONE VARIANCE	Expe %	PROJECTED QUARTER TWO CASH-FLOW	QUARTER TWO ACTUAL	QUARTER TWO VARIANCE	Cummulative Q2	Exp %	QUARTER THREE	QUARTER THREE ACTUAL	QUARTER THREE VARIANCE	CERTIFIED CLAIMS	% VARIANCE	
		R 15,000,000.00	R 1,350,000.00	R 550,406.96	-R 799,593.04	4%	R 1,350,000.00	R 499,939.06	-R 850,060.94	R 1,050,346.02	7%	R 6,500,520.00	R 352,212.30	-R 6,168,307.70	R 1,402,558.32	9%	R 13,597,441.68
		R 15,000,000.00	R 1,350,000.00	R 550,406.96	-R 799,593.04	4%	R 1,350,000.00	R 499,939.06	-R 850,060.94	R 1,050,346.02	7%	R 6,500,520.00	R 352,212.30	-R 6,168,307.70	R 1,402,558.32	9%	R 13,597,441.68
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	PROJECTED QUARTER ONE CASH-FLOW	QUARTER ONE ACTUAL	QUARTER ONE VARIANCE	Expe %	PROJECTED QUARTER TWO CASH-FLOW	QUARTER TWO ACTUAL	QUARTER TWO VARIANCE	Cummulative Q2	Exp %	QUARTER THREE	QUARTER THREE ACTUAL	QUARTER THREE VARIANCE	CERTIFIED CLAIMS	% VARIANCE	
		R 2,100,000.00	R 0.00	R 0.00	R 0.00	0%	R 0.00	R 0.00	R 0.00	R 0.00	0%	R 1,010,200.00	R 0.00	-R 1,010,200.00	R 0.00	0%	R 2,100,000.00
		R 120,955,000.00	R 26,169,327.00	R 22,675,368.15	-R 3,493,958.85	19%	R 16,555,156.00	R 41,992,122.47	R 25,345,966.47	R 64,667,490.62	53%	R 25,659,239.00	R 41,854,989.81	R 16,195,750.81	R 106,522,480.43	88%	R 14,432,519.57
SUB-TOTAL D		R 123,055,000.00	R 26,169,327.00	R 22,675,368.15	-R 3,493,958.85	18%	R 16,555,156.00	R 41,992,122.47	R 25,345,966.47	R 64,667,490.62	53%	R 26,669,439.00	R 41,854,989.81	R 15,185,550.81	R 106,522,480.43	87%	R 16,532,519.57
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	PROJECTED QUARTER ONE CASH-FLOW	QUARTER ONE ACTUAL	QUARTER ONE VARIANCE	Expe %	PROJECTED QUARTER TWO CASH-FLOW	QUARTER TWO ACTUAL	QUARTER TWO VARIANCE	Cummulative Q2	Exp %	QUARTER THREE	QUARTER THREE ACTUAL	QUARTER THREE VARIANCE	CERTIFIED CLAIMS	% VARIANCE	
		R 145,530,000.00	R 20,205,332.00	R 42,439,606.76	R 22,234,274.76	29%	R 25,050,000.00	R 27,516,454.70	R 2,466,454.70	R 69,956,061.46	48%	R 34,550,290.00	R 36,235,524.87	R 1,685,234.87	R 106,191,586.33	73%	R 39,338,413.67
		R 50,000,000.00	R 21,520,430.00	R 20,343,733.84	-R 1,176,696.16	41%	R 13,201,565.00	R 8,688,711.00	-R 4,513,354.00	R 29,031,944.84	58%	R 15,000,000.00	R 18,280,000.00	R 3,280,000.00	R 47,311,944.84	95%	R 2,688,055.16
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	PROJECTED QUARTER ONE CASH-FLOW	QUARTER ONE ACTUAL	QUARTER ONE VARIANCE	Expe %	PROJECTED QUARTER TWO CASH-FLOW	QUARTER TWO ACTUAL	QUARTER TWO VARIANCE	Cummulative Q2	Exp %	QUARTER THREE	QUARTER THREE ACTUAL	QUARTER THREE VARIANCE	CERTIFIED CLAIMS	% VARIANCE	
		R 27,500,000.00	R 18,850,210.00	R 1,321,792.75	-R 17,528,417.25	5%	R 14,000,000.00	R 0.00	-R 14,000,000.00	R 1,321,792.75	5%	R 0.00	R 212,750.00	R 212,750.00	R 1,534,542.75	6%	R 25,965,457.25
		R 223,030,000.00	R 60,575,972.00	R 64,105,133.35	R 3,529,161.35	29%	R 52,251,565.00	R 36,204,665.70	-R 16,046,899.30	R 100,309,199.05	45%	R 49,550,290.00	R 54,728,274.87	R 5,177,984.87	R 155,038,073.92	70%	R 67,991,926.08
TOTAL (A+B+C+D+E)		R 628,085,466.00	R 161,761,208.38	R 166,925,865.92	R 5,164,657.54	27%	R 170,171,531.56	R 100,837,354.10	-R 69,334,177.46	R 267,763,220.02	43%	R 137,302,022.00	R 169,599,528.96	R 32,097,506.96	R 437,162,748.98	70%	R 190,922,717.02

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Performance Targets	Targets
Total Annual Targets	21
Applicable targets in Q3	16
Targets achieved	7
Targets not achieved	9
Not due for reporting	5

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 / not due for reporting in the quarter

Table 18: Performance against Predetermined Objectives as at 31 March 2022

Key Performance area	Key Performance Indicator	Total Target for the year 2021/22	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
Financial sustainability	Current Ratio	Current Ratio 1:1	1:1	0.81	-0,19	<p>The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utility costs.</p> <p>The entity's 5-year strategic plan which focuses on revenue enhancement activities in order to improve the entity's financial sustainability is under implementation as follows:</p> <ul style="list-style-type: none"> • Increase in management fee income earned on projects implemented on behalf of other COJ entities. JOSHCO continues to engage and evaluate other interests for the use of our panels from other COJ entities. We are now implementing projects on behalf of Housing, Health, Community Development, Legislature, JMPD, EMS and Social Development. • Student accommodation-thebuilding is 100% occupied as at February 2022. • Outdoor advertising – Service provider is currently doing an assessment our buildings for advertising opportunities. <p>Prepaid vending system – the system is currently being rolled out to projects. The system is designed in a way that JOSHCO can upload the tenant rental debt into the system and recover a portion of the rental outstanding when the tenant purchases electricity on the system. The system can clearly show the amount allocated for</p>
	Solvency Ratio	Solvency Ratio 1:1	1:1	0.84	-0.16	

Key Performance area	Key Performance Indicator	Total Target for the year 2021/22	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
						electricity and the amount allocated for the rental debt
	Cost coverage ratio	50 Coast coverage ratio	50 days	-284 days	-334 days	<p>Non-performance is due to low cash balances and an overdraft as a result of settlement of suppliers prior to receiving claims from the departments we are executing projects on behalf.</p> <p>The highest outstanding balance is from the Department of Housing. In the quarter under review, we have only resumed work for projects which we are getting payment for and continue to halt their repairs and maintenance project which forms the bulk of the outstanding amount. This will continue until the department settles the entire outstanding balance for repairs and maintenance.</p>
	Remuneration to Operational expenditure (OPEX) up to 40%	Remuneration to Operational expenditure (OPEX) up to 40%	Remuneration to Operational expenditure (OPEX) up to 40%	37%	3%	Achieved
	% Collection in respect of current debtors	90% Collection in respect of current debtor	90%	57%	-33%	<p>Non-achievement of this target is due to continued low rental collection across all projects.</p> <p>The debt collection company has been instructed to proceed with eviction processes for the tenants who have stated their refusal to pay. The debt collecting company has collected R7.4 million year to date for outstanding debt older than 90 days handed over to them.</p>

Key Performance area	Key Performance Indicator	Total Target for the year 2021/22	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
						<p>Eviction orders are executed as and when they are granted. The challenge with obtaining eviction orders is that tenants tend to oppose the applications on the date of hearing, which results in matters being postponed for tenants to file opposing papers and obtain legal representation. A further challenge is reaching agreement with tenants on settlement of the arrears. Most of the payment proposals made by tenants have been unreasonable and unacceptable. More tenants are however anticipated to come forward with acceptable payment arrangements as they have been advised that the court process will only be withdrawn if arrears are settled in full, or if acceptable payment arrangements are made.</p> <p>Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.</p>
Job creation	Number of jobs created for the unemployed through EPWP programme	500 number of jobs created for the unemployed through EPWP programme	390	321	-69	<p>Underperformance is due to that supporting evidence of some of the jobs created in the quarter still need to be verified before the numbers are included in actual performance. Management is confident that the annual target of 500 will be achieved by end of Q4.</p> <p>As a mitigation, EPWP jobs will be reported to the M&E officer every two weeks to ensure that evidence gaps are identified earlier.</p>
Economic Development	% Of construction capex spent on SMME	30% Of construction capex spent on SMME	30%	7%	-23%	A new method of calculating the target has been proposed, which focuses mainly on construction expenditure.

Key Performance area	Key Performance Indicator	Total Target for the year 2021/22	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
						Engagement/Open days have been arranged for SMME's on projects to be able to engage various stakeholders within the Built environment in order be capacitated on how to implement and allocate resources on site.
	% 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	100%	0	Achieved
Social Housing Development	No of Social Housing units developed	483	-			Annual target
	No of Social Housing units completed	349	-			Annual target
	% Capital budget spent	95% capital budget spent	70%	70%	-1%	Review and align all cash-flows and construction programmes of all contractors to achieve expected expenditure levels. Continuous monitoring of project stakeholder needs at site level to ensure those are addressed on time to avoid project stoppages.
Effective property management	% Occupancy rate	98% occupancy rate	98% occupancy rate	98.24 %	0.24%	Achieved
	Number of building conditional assessment concluded	10 Buildings conditional assessment	8	16	+8	Achieved

Key Performance area	Key Performance Indicator	Total Target for the year 2021/22	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
Adherence to Corporate Government Principles	Unqualified audit opinion	Unqualified audit opinion	-	Not due		Annual target
	% Compliance to law and regulation	95% Compliance to laws and regulations	95%	83%	-12	Underperformance is due to the 5 Acts that are still below 100% compliant. The action plan is continuously monitored. However, the process of implementing controls required for the legislations to reach 100% is taking longer. Departments are encouraged to strive to put controls and prioritise those legislations that noncompliance might result in severe impact on the organisation.
	% Implementation of targeted corrective action against identified risks	95% Implementation of targeted corrective action against identified risks	80%	81%	1%	Achieved
Corporate governance	% Implementation of targeted corrective action against internal audit findings	95% implementation of targeted corrective action against internal audit findings	95%	55%	-40%	Under performance is due to in some instances findings that require resources such as budget to implement controls. Additional budget on the budget adjustment will assist to implement those control while provision will be made in the next FY for others
	% Implementation of targeted corrective action against external audit findings	100% implementation of targeted corrective action against external audit findings	100%	100%		
	% Employee occupancy rate	95% employee occupancy rate	95%	83%	-12	Unfavourable variance is attributed to number of positions that can not recruit due to the moratorium on filling of vacation Motivation was sent to the City requesting

Key Performance area	Key Performance Indicator	Total Target for the year 2021/22	Q3 Target	Q3 Actual	Variance	Reasons for under achievement and remedial Action
						exemption on positions that are key and recruitment will commence as soon as approval is granted, or the moratorium is lifted
	% Customer satisfaction rating	85% Customer satisfaction rating	-	Not due		Annual target
	% Employee satisfaction rating	70% employee satisfaction rating	-	Not due		Annual target

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

SECTION 6: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

The relationship of JOSHCO and City of Johannesburg as a parent municipality and the sole shareholder of the entity is formalised through various processes and documentation that include the Service Delivery Agreement and the Shareholder compact. Section 93B (a) of municipal system act stipulates that "Parent municipalities having sole control. — A parent municipality which has sole control of a municipal entity:

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

JOSHCO reports on performance against seven pre-determined targets for Service Level Standards. In the quarter under review five standards were achieved against the target of seven with the results. The agreed service standards with the city covers the following:

- 98% accurate bills of all active customers
- 96% of maintenance request attended within 14 working days
- Routine building maintenance once per year and as when required
- Outcome of enquiry to be sent to application within 5 days
- Outcome of the application communicated within 10 working days
- Acknowledgement and response within 24 hours of complaint being logged and
- Resolution within 5 working days of logged call.

Below is the entity's performance for Quarter ending 31 March 2022 related to the service level standards. Six of the seven standards were achieved while the one standard pertaining to turnaround time on maintenance remained a challenge throughout the quarter. However, the challenge of misalignment of process was identified and the respective departments are in the process of aligning.

Table 19: Service Level Standard Performance as at 31 March 2022.

Core Service	Service Level Standard Target	January 2022	February 2022	March 2022	Q3	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	98.49%	98.49%	98%	98%	None	None
2. Attending to request for maintenance	96% of maintenance requests attended within 14 days of the logged call	77.69%	88%	85.04%	83.56%		Housing and Finance departments are refining maintenance process
3. Routine building maintenance	Once per year and as when required	100%	100%	100%	100%	None	None
4. Application of rental housing	Outcome of enquiry to be sent to application within 5 days	1 day	2 days	4 days	2 days	None	None
5. Application of rental housing	Outcome of the application communicated within 10 working days	2 days	3 days	3 days	3 days	None	None
6. Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 hours	24 hours	24 hours	24 hours	None	None
7. Resolution of complaints	Resolution of the complaints/queries within 5 workings days	1 day	1 day	1 day	1 day	None	None

6.1 PERFORMANCE AGAINST SERVICE STANDARDS (DETAILED)

6.1.1 Maintenance Function

Housing Management has been struggling to meet the required 96% turnaround time within 14 days due to unprecedented delay of approving logged jobs by the SCM. This had led to discussions between finance and housing management departments to refine the maintenance processes. The following resolutions were reached and approved by the accounting officer:

- Maintenance administrators who were reporting SCM to report back to housing management
- Maintenance approval process of logged jobs to come back to housing management
- Maintenance budget to be managed by housing management department

The total maintenance cost incurred for the quarter amounted to R12 095 864.86. A total of 1574 reactive jobs were logged between January to March 2022 at a cost of R 11 474 766, and R 621 098 spent on planned maintenance programs. The SDA key performance indicator of 96% relating to the number of maintenance cases closed within turnaround of fourteen (14) days was not achieved with 85.04% being reached. A total of 1624 jobs were logged during quarter three with 702 tenants having maintenance conducted within their units and this aggregates to nine percent (9%) of the total portfolio of units.



Figure 4: Complaints Logged

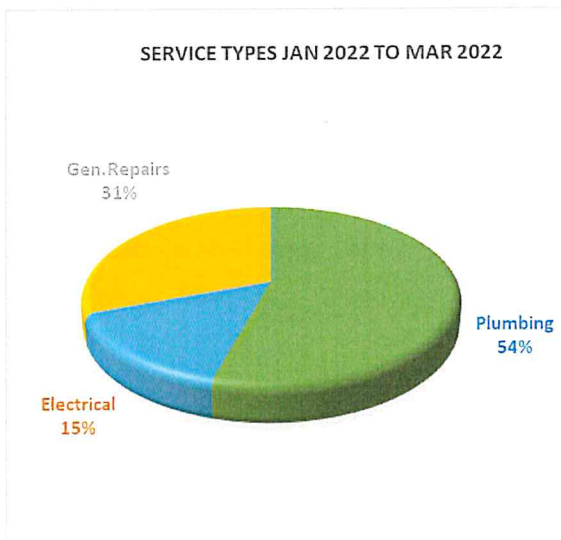


Figure 5: Service Types

The following figure provides an analysis of jobs logged per project for the second quarter of 2021-2022

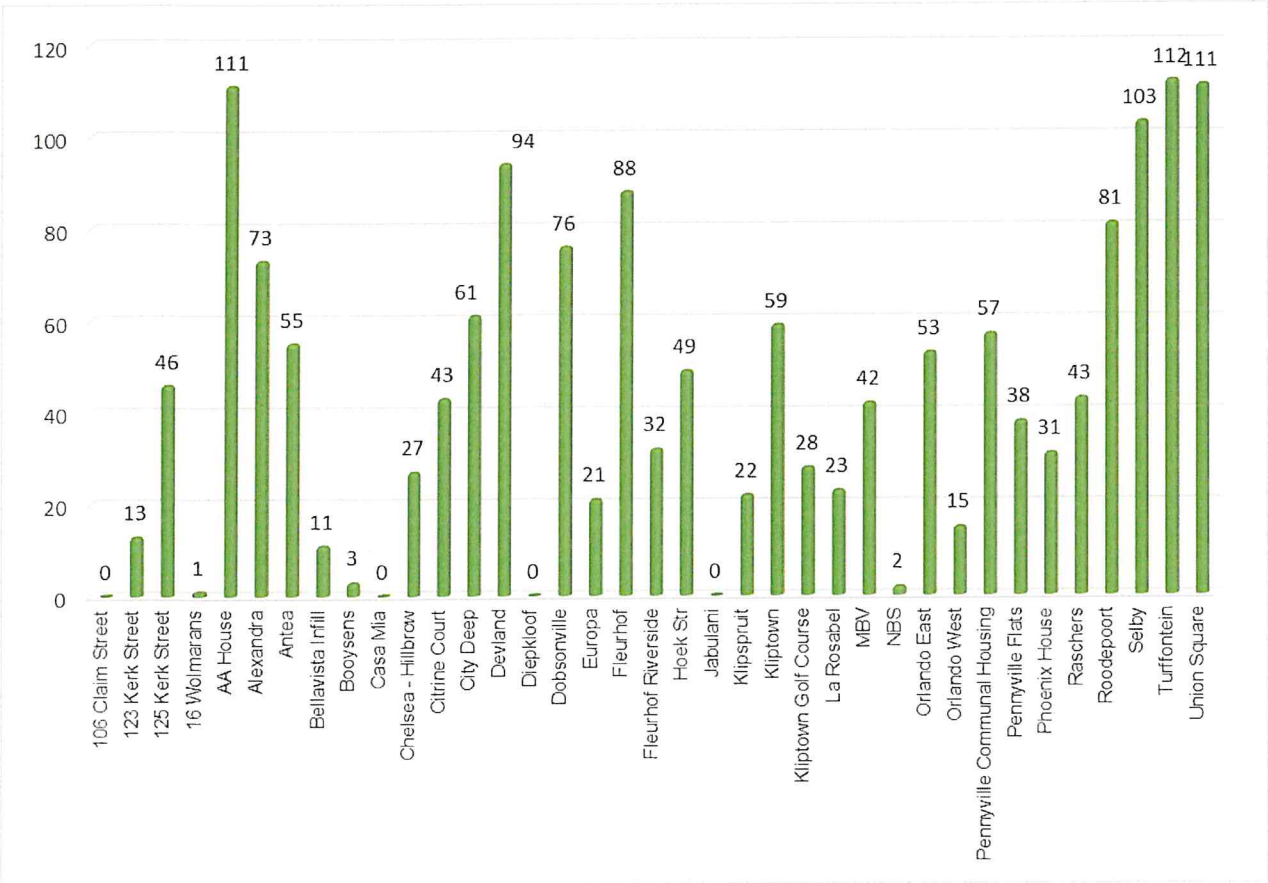


Figure 6: Total Jobs per Project

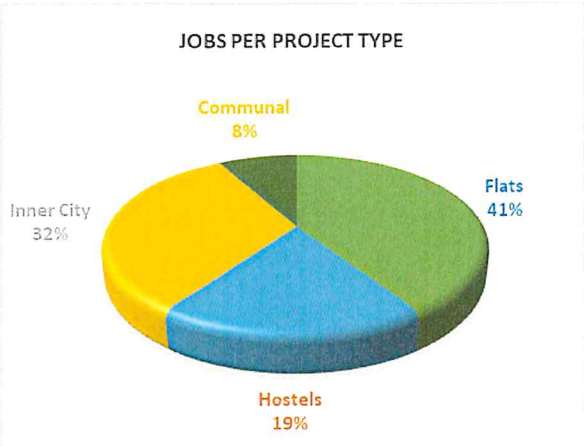


Figure 7: Jobs per Project Type

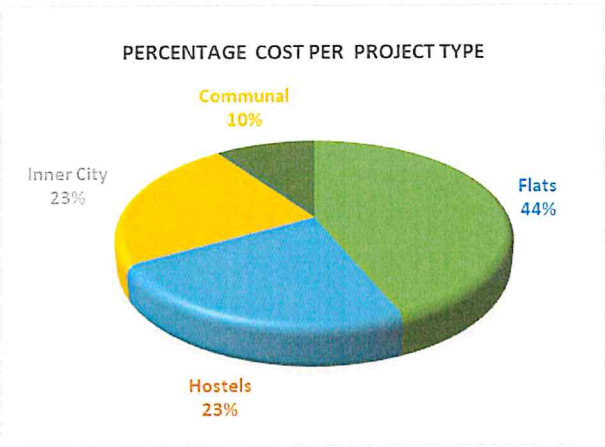


Figure 8: Percentage Cost per Project Type

The following table provides and analysis of maintenance costs per project for the 2nd quarter of 2021-2022.

Table 20: Project Unplanned Maintenance Costs

Project Name	Q3 Cost	% Cost Q3	Budget Q3	% Budget Q3	Cost YTD	Budget YTD	% Budget YTD	Total Budget	% Budget Spent
123 Kerk Street	95 696.26	0.37%	55 000.00	173.99%	140 701.95	165 000.00	85.27%	220 000.00	63.96%
125 Kerk Street	197 030.33	0.77%	135 000.00	145.95%	320 383.16	405 000.00	79.11%	540 000.00	59.33%
AA House	337 375.08	4.59%	180 000.00	187.43%	1 121 837.58	540 000.00	207.75%	720 000.00	155.81%
Alexandra	270 655.88	7.23%	165 000.00	164.03%	986 890.09	495 000.00	199.37%	660 000.00	149.53%
Antea	482 701.66	3.26%	205 000.00	235.46%	1 030 605.42	615 000.00	167.58%	820 000.00	125.68%
Bellavista Infill	27 339.87	0.74%	42 000.00	65.09%	119 953.39	126 000.00	95.20%	168 000.00	71.40%
Booyens	56 128.48	0.12%	30 000.00	187.09%	107 937.41	90 000.00	119.93%	120 000.00	89.95%
Chelsea	208 825.16	1.48%	81 000.00	257.81%	372 430.95	243 000.00	153.26%	324 000.00	114.95%
Citrine Court	189 527.74	1.95%	105 000.00	180.50%	443 179.13	315 000.00	140.69%	420 000.00	105.52%
City Deep	646 888.65	6.22%	465 000.00	139.12%	1 357 605.62	1 395 000.00	97.32%	1 860 000.00	72.99%
Devland	289 428.38	2.01%	172 250.00	168.03%	569 413.09	516 750.00	110.19%	689 000.00	82.64%
Diepkloof	-	0.00%	18 000.00	0.00%	1 547 996.12	54 000.00	2866.66%	72 000.00	2149.99%
Dobsonville	569 139.33	6.39%	530 000.00	107.38%	3 446.93	1 590 000.00	0.22%	2 120 000.00	0.16%
Europa	332 874.87	0.28%	52 500.00	634.05%	387 965.03	157 500.00	246.33%	210 000.00	184.75%
Fleurhof	992 570.35	19.71%	362 500.00	273.81%	3 087 824.84	1 087 500.00	283.94%	1 450 000.00	212.95%
Fleurhof Riverside	349 607.05	5.04%	162 500.00	215.14%	849 872.06	487 500.00	174.33%	650 000.00	130.75%
Hoek Street	268 504.05	3.66%	156 000.00	172.12%	741 627.73	468 000.00	158.47%	624 000.00	118.85%
Jabulani	-	0.03%	25 500.00	0.00%	16 269.70	76 500.00	21.27%	102 000.00	15.95%
Klipspruit	121 258.14	2.84%	66 000.00	183.72%	475 404.92	198 000.00	240.10%	264 000.00	180.08%
Kliptown	143 525.70	1.66%	246 000.00	58.34%	469 707.63	738 000.00	63.65%	984 000.00	47.73%
Kliptown Golf	375 523.04	1.51%	150 000.00	250.35%	568 258.65	450 000.00	126.28%	600 000.00	94.71%
La Rosabel	116 634.82	0.97%	81 000.00	143.99%	234 807.69	243 000.00	96.63%	324 000.00	72.47%
MBV	93 708.38	2.15%	138 000.00	67.90%	402 833.54	414 000.00	97.30%	552 000.00	72.98%
NBS	53 281.48	2.21%	45 000.00	118.40%	254 309.88	135 000.00	188.38%	180 000.00	141.28%
Orlando East	231 118.78	2.54%	189 000.00	122.29%	540 486.04	567 000.00	95.32%	756 000.00	71.49%
Orlando West	99 899.75	0.00%	33 000.00	302.73%	126 131.65	99 000.00	127.41%	132 000.00	95.55%
Pennyville	847 525.82	2.76%	82 500.00	1027.30%	1 280 185.14	247 500.00	517.25%	330 000.00	387.93%
Pennyville Flats	942 154.78	2.58%	111 250.00	846.88%	1 288 020.18	333 750.00	385.92%	445 000.00	289.44%
Phoenix House	144 461.74	0.52%	45 000.00	321.03%	234 681.44	135 000.00	173.84%	180 000.00	130.38%
Raschers	105 053.79	1.24%	66 000.00	159.17%	290 661.78	198 000.00	146.80%	264 000.00	110.10%
Roodespoort	507 087.15	3.98%	211 000.00	240.33%	1 310 888.63	633 000.00	207.09%	844 000.00	155.32%
Selby	1 089 721.78	5.41%	238 500.00	456.91%	2 160 925.65	715 500.00	302.02%	954 000.00	226.51%
Turffontein	628 674.40	3.81%	325 000.00	193.44%	1 301 718.31	975 000.00	133.51%	1 300 000.00	100.13%

Union Square	599 569.62	1.96%	300 000.00	199.86%	929 909.66	900 000.00	103.32%	1 200 000.00	77.49%
Grand Total	11 474 765.89	100.00%	5 269 500.00	217.76%	25 074 870.99	15 808 500.00	158.62%	21 078 000.00	118.96%

6.2 UNPLANNED MAINTENANCE

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

The following chart provides an analysis of the service type trends per quarter for the jobs per service type. The service chart remains consistent within the historical trends with thirty one percent (31%) of jobs relating to general repairs and maintenance, fifty four percent (54%) to plumbing, and fifteen (15%) to electrical. Plumbing remain the majority of the jobs due to blockages to drainage systems, aging infrastructure in converted hostel projects, replacement of geysers that burst due to the end of their life span and are out of warranty, repair and replacement of leaking water supply piping, replacement of sanitary fittings such as baths, basins and toilet that have failed due to the end of their life span as well as poor workmanship in greenfield projects, replacement of taps that have failed due to the end quarter 3

The below figure provides an analysis of the service type trends per quarter for the financial year 20/21-21/22.

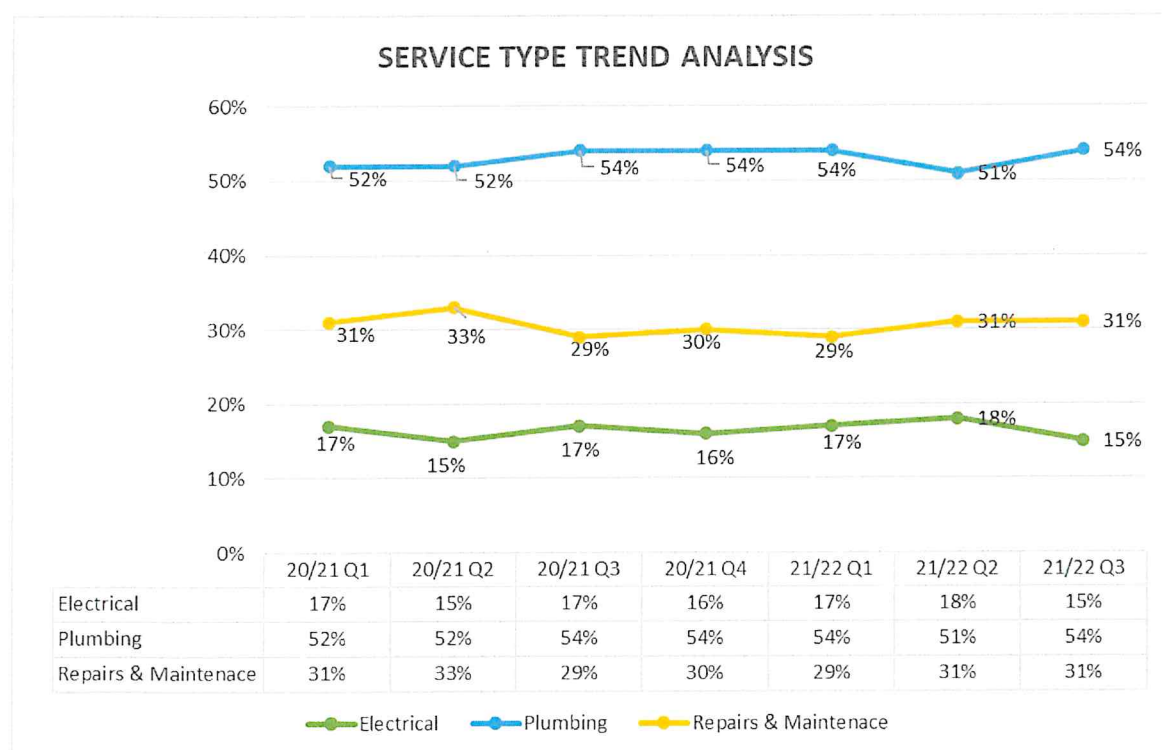


Figure 9: Service type trend analysis

6.3 TURNAROUND TIMES

Table 21: The following table provide a breakdown of maintenance turnaround achieved per project.

Project	Total	Meet Turnaround	Outside Turnaround	Percentage
123 Kerk Street	13	6	7	46.15%
125 Kerk Street	46	39	7	84.78%
AA House	111	101	10	90.99%
Alexandra	73	61	12	83.56%
Antea	55	47	8	85.45%
Bellavista Infill	11	8	3	72.73%

Booyens	3	3	-	100.00%
Chelsea - Hillbrow	27	21	6	77.78%
Citrine Court	43	35	8	81.40%
City Deep	61	55	6	90.16%
Devland	94	88	6	93.62%
Dobsonville	76	72	4	94.74%
Diepkloof	-	-	-	0
Europa	21	4	17	19.05%
Fleurhof	88	68	20	77.27%
Fleurhof Riverside	32	27	5	84.38%
Hoek Street	49	46	3	93.88%
Jabulani	-	-	-	0
Klipspruit	22	17	5	77.27%
Kliptown	59	50	9	84.75%
Kliptown Golf Course	28	20	8	71.43%
La Rosabel	23	21	2	91.30%
MBV	42	39	3	92.86%
NBS	2	2	-	100.00%
Orlando East	53	36	17	67.92%
Orlando West	15	13	2	86.67%
Pennyville Communal	57	56	1	98.25%
Pennyville Flats	38	36	2	94.74%
Phoenix House	31	25	6	80.65%
Raschers	43	35	8	81.40%
Roodepoort	81	75	6	92.59%
Selby	103	93	10	90.29%
Turffontein	112	90	22	80.36%
Union Square	111	92	19	82.88%
Grand Total	1 624	1 381	243	85.04%

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

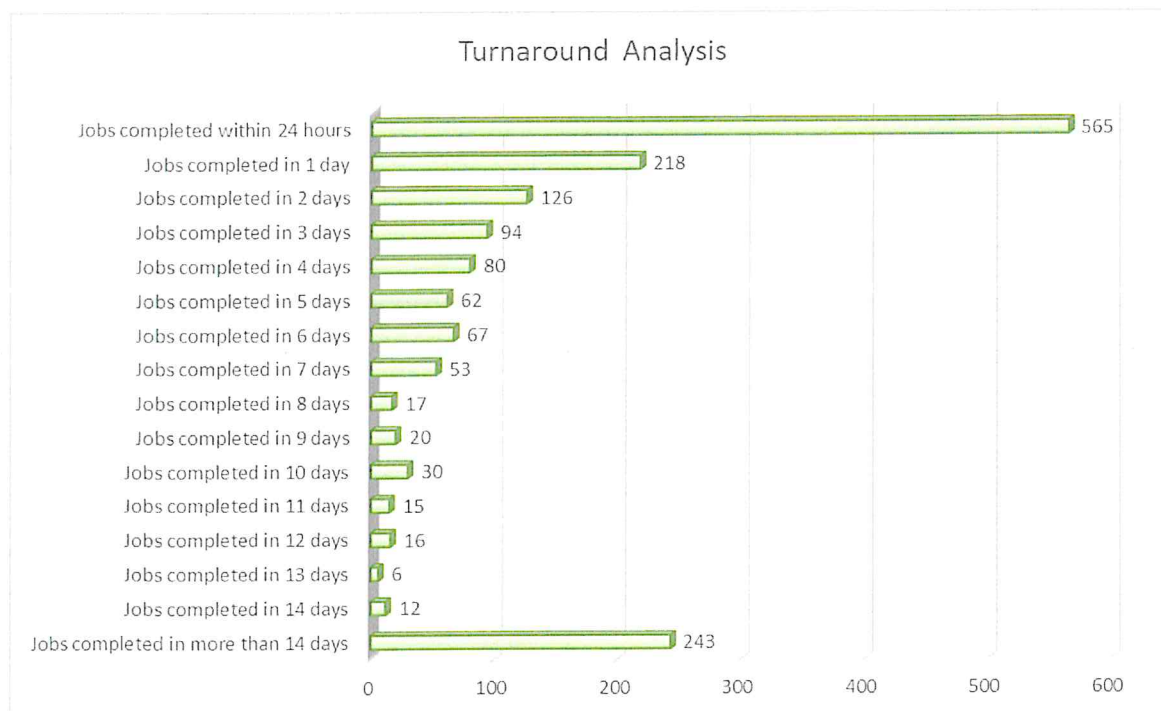


Figure 10: Breakdown of maintenance turnaround in days.

Rapid Response to unplanned maintenance requests

As of the 1st Of April 2022, there will be a cohort of service providers allocated per projected to attend the maintenance issues, there will be a full rotation of services and the quality of service provided will be monitored using “before and after” pictures, as well as a happy letter signed by both the Housing supervisor and tenant.

The A/COO working with the Portfolio Managers has undergone an exercise of updating the standardized price list items. We have appointed an independent QS consultant to assist in the price standardization and finalization of prices. To ensure that the value for money is achieved and maintenance work can be done without delay of market analysis as usual which prolongs the appointment process for a service provider.

For example: Europa house, will have a list of service providers who can do work based on the standardized price list, furthermore we will have PO issued on the whole building capped at

R100 000 per building, this will assist in monitoring the expenditure on maintenance on the JOHSCO projects.

6.4 PLANNED MAINTENANCE SCHEDULE

Planned maintenance consists of legislative, and condition-based maintenance. The benefit of preventative maintenance includes to minimize the likelihood of building asset failures, health and safety issues and disruptions to service delivery. Legislative maintenance is maintenance to meet requirements mandated in Acts, Regulations, or any other legal requirements instrument.

Condition-based maintenance is identified as part of a condition assessment or inspection process. The maintenance work is carried out because the physical condition of a building structure, building elements, or service is below the acceptable standard. The following table provides a breakdown of planned maintenance executed during quarter three for the 2021-2022 financial year. The decision was taken to suspend some of the planned maintenance with an aim of attending the urgent unplanned maintenance as well as to contain maintenance costs.

Table 22: Planned maintenance schedule

PLANNED MAINTENANCE: 2021-2022	Quarter 1	Quarter 2	Quarter 3
OHSA			
Service fire equipment	200 949.16	1 160 642.01	316 232.60
EPWP			
EPWP Programmes	309 079.00	12 824.55	218 187.06
AA House			
Installation of steel doors in communal bathrooms	53 287.17		
Installation of doors over the service ducts	74 400.60		
Service of roller shutter doors	8 397.60		
Repair & installation additional washing lines	127 543.06	12 076.40	
Painting window frames	22 467.12		
Service of generator		21 230.00	
Installation of security bars on opening windows		105 333.76	
Antea			
Installation of security gates at the storeroom	7 576.37		
Installation of LED lights in corridors	15 816.28	21 602.77	
Service of water booster pump system		42 247.20	
Main Entrance Turnstile			36 408.90
PLANNED MAINTENANCE: 2021-2022	Quarter 1	Quarter 2	Quarter 3

Bellavista Infill			
Installation of LED lights in corridors		27 482.13	
Tiling of common area corridors on 1st & 2nd floors		116 709.65	
Repair of children's play equipment		6 636.49	
Chelsea			
Repair and waterproofing of the roof area		171 448.35	
Citrine Court			
Installation of LED lights in corridors		7 613.58	
Repair of children's play equipment		6 612.58	
Installation of solar solution to power common area lights		102 518.88	
City Deep			
Drawings to convert admin office to retail space	5 038.56		
Service of heat pumps		143 440.00	
Repaint security turnstile gates		21 076.86	
Repainting of road markings		86 046.00	
Repair of damaged exterior walls		171 949.99	
Cleaning of all gutters and downpipes		40 590.80	
Repair of admin block roof		127 839.23	
Devland			
Servicing of solar geysers	172 645.00		
Dobsonville			
Servicing of heat pumps		43 666.70	
Installation of additional washing line areas		60 208.49	
Laying of paving around block A and B		173 070.54	
Waterproofing of roof area	36 337.58		
Servicing of heat pump		31 914.30	
Fleurhof Junction			
Repair & service of heat pump systems	325 693.00	714 047.15	
PLANNED MAINTENANCE: 2021-2022	Quarter 1	Quarter 2	Quarter 3
Interior painting & repairs of units	199 669.27	29 896.66	
Maintenance of common area lights	27 406.01		
Repair of paving in all blocks	63 911.56		
Painting of parking and traffic lines	20 549.40		
Extension of fence at high-risk area		28 707.85	
Fleurhof Riverside			
Repair & service of heat pump systems	53 933.00		
Installation of awnings to top floor units		341 830.50	

Hoek Street			
Service of heat pump system	23 780.73	8 397.60	
Installation of roller shutter gates		124 766.70	
Service of generator		2 099.40	
Service of gate motor		4 569.70	
Installation of stormwater channelling & drainage at entrance		17 678.50	
Service of extractor fans		15 987.60	
Installation of fire cabinets		85 059.90	
Service of smoke detection systems		25 144.40	
Jabulani			
Roof repairs	20 011.76		
Klipspruit			
Installation of LED lights in corridors		173 048.25	
Kliptown Golf course			
Installation of new guardhouse		25 672.30	
Installation of additional washing line areas		36 468.60	
Kliptown Square			
Securing of electrical distribution board kiosks		29 950.89	
La Rosabel			
Security upgrade to guardhouse	21 084.13		
PLANNED MAINTENANCE: 2021-2022	Quarter 1	Quarter 2	Quarter 3
MBV			
Repair to common area lights	78 808.72		
Orlando Ekhaya			
Service of solar geysers	173 745.00		
Laying of paving around block C		66 896.68	
Orlando West			
Interior painting & repairs of units		21 918.97	37 817.14
Pennyville			
Replacement of geyser overflow pipes in all blocks	106 315.90		
Installation of fascia boards at all flats	83 259.12	712 799.33	
Replacement of missing gutters and downpipes		403 751.48	
Raschers			
Service of heat pumps	22 889.40		
Installation of security gates at the washing area	5 488.07		
Main Entrance Gate			12 452.30
Selby			
Installation of speed reducing bumps in parking area	25 949.44		

Installation of gate motors at project entrance & exit	46 778.06		
Installation of new main gates		41 936.85	
Textile House			
Separation of PVC waste pipes to prevent blockage	63 902.16		
Painting of parking lines		5 523.00	
Replacement of corridor broken windows		30 565.93	
Tshedzani Flats			
Internal painting & tiling of units	49 135.91		
Turffontein			
Servicing of heat pump systems	29 400.00	93 695.61	
Installation of barrel lock and security bars to ground units		105 798.96	
Sealing of holes within the service ducts		107 804.60	
PLANNED MAINTENANCE: 2021-2022	Quarter 1	Quarter 2	Quarter 3
Install insulation around balcony doors to prevent wind		37 164.00	
Union Square			
Refurbishment of retail space	51 241.39		
Installation of flood lights on the roof area	13 524.18		
Securing of all common area distribution boards	22 947.74		
Installation of notices boards	12 114.95		
Repairs to DSTV system & surge protection		110 754.64	
Service of fire detection system		56 562.00	
Installation of additional washing lines		21 128.90	
Separation of circuit breakers to lights and DSTV system		10 176.93	
Total Expenditure	2 575 076.40	6 204 585.14	621 098.00

6.5 MAINTENANCE ANALYSIS PER PROJECT

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

Table 23: Maintenance analysis per project

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
123 Kerk Street	Electrical	1	3	4	71 722
	Plumbing	3	-	3	9 962
	Repairs & Maintenance	5	1	6	14 013
123 Kerk Street Total		9	4	13	95 696
125 Kerk Street	Electrical	4	8	12	83 707
	Plumbing	10	9	19	36 450

	Repairs & Maintenance	10	5	15	76 873
125 Kerk Street Total		24	22	46	197 030
16 Wolmarans	Repairs & Maintenance	-	1	1	61 274
16 Wolmarans Total		-	1	1	61 274
AA House	Electrical	10	5	15	73 786
	Plumbing	24	44	68	161 094
Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
	Re-instatement	5	-	5	53 143
	Repairs & Maintenance	10	13	23	49 351
AA House Total		49	62	111	337 375
Alexandra	Electrical	-	11	11	58 826
	Plumbing	-	59	59	195 979
	Repairs & Maintenance	-	3	3	15 851
Alexandra Total		-	73	73	270 656
Antea	Electrical	2	6	8	44 674
	Plumbing	23	9	32	305 257
	Re-instatement	1	-	1	31 841
	Repairs & Maintenance	10	4	14	100 929
Antea Total		36	19	55	482 702
Bellavista Infill	Electrical	1	-	1	525
	Plumbing	4	1	5	10 135
	Repairs & Maintenance	1	4	5	16 680
Bellavista Infill Total		6	5	11	27 340
Booyens	Plumbing	-	2	2	53 718
	Repairs & Maintenance	-	1	1	2 410
Booyens Total		-	3	3	56 128
Chelsea	Electrical	-	2	2	48 136
	Plumbing	-	19	19	126 921
	Repairs & Maintenance	1	5	6	33 769
Chelsea Total		1	26	27	208 825
Citrine Court	Electrical	3	-	3	3 571
	Plumbing	14	9	23	98 790
	Repairs & Maintenance	7	10	17	87 167
Citrine Court Total		24	19	43	189 528
City Deep	Electrical	5	3	8	217 568
	Plumbing	16	11	27	236 623
Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
	Re-instatement	2	-	2	31 373
	Repairs & Maintenance	12	12	24	161 325
City Deep Total		35	26	61	646 889
Devland	Electrical	10	9	19	51 835

	Plumbing	15	28	43	75 981
	Re-instatement	2	-	2	27 257
	Repairs & Maintenance	15	15	30	134 355
Devland Total		42	52	94	289 428
Dobsonville	Electrical	5	6	11	110 164
	Plumbing	28	13	41	182 725
	Re-instatement	2	1	3	32 377
	Repairs & Maintenance	13	8	21	243 873
Dobsonville Total		48	28	76	569 139
Europa	Electrical	-	5	5	39 562
	Plumbing	-	10	10	201 376
	Repairs & Maintenance	-	6	6	91 937
Europa Total		-	21	21	332 875
Fleurhof	Electrical	5	22	27	213 044
	Plumbing	21	30	51	543 485
	Re-instatement	4	1	5	145 171
	Repairs & Maintenance	16	21	37	440 477
Fleurhof Total		46	74	120	1 342 177
Hoek Street	Electrical	3	4	7	65 285
	Plumbing	1	35	36	151 334
	Re-instatement	1	-	1	4 027
	Repairs & Maintenance	1	4	5	47 859
Hoek Street Total		6	43	49	268 504
Klipspruit	Electrical	3	2	5	5 217
	Plumbing	-	12	12	35 142
Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
	Repairs & Maintenance	-	5	5	80 899
Klipspruit Total		3	19	22	121 258
Kliptown	Electrical	3	1	4	18 426
	Plumbing	25	14	39	75 492
	Re-instatement	1	-	1	19 191
	Repairs & Maintenance	10	5	15	30 417
Kliptown Total		39	20	59	143 526
Kliptown Golf Course	Electrical	-	3	3	62 419
	Plumbing	8	7	15	90 705
	Repairs & Maintenance	1	9	10	222 399
Kliptown Golf Course Total		9	19	28	375 523
La Rosabel	Electrical	1	2	3	6 324
	Plumbing	-	13	13	28 576
	Repairs & Maintenance	3	4	7	81 735
La Rosabel Total		4	19	23	116 635

MBV	Electrical	-	2	2	6 617
	Plumbing	-	39	39	84 431
	Repairs & Maintenance	-	1	1	2 660
MBV Total		-	42	42	93 708
NBS	Electrical	-	1	1	43 169
	Repairs & Maintenance	-	1	1	10 112
NBS Total		-	2	2	53 281
Orlando East	Electrical	2	6	8	80 955
	Plumbing	18	9	27	42 423
	Re-instatement	3	1	4	55 600
	Repairs & Maintenance	9	5	14	52 142
Orlando East Total		32	21	53	231 119
Orlando West	Electrical	-	1	1	2 420
	Plumbing	6	3	9	7 200
Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
	Repairs & Maintenance	-	5	5	90 279
Orlando West Total		6	9	15	99 900
Pennyville	Electrical	-	6	6	110 950
	Plumbing	15	28	43	325 153
	Repairs & Maintenance	6	40	46	1 353 578
Pennyville Total		21	74	95	1 789 681
Phoenix House	Electrical	-	5	5	17 899
	Plumbing	6	9	15	51 719
	Repairs & Maintenance	3	8	11	74 844
Phoenix House Total		9	22	31	144 462
Raschers	Electrical	1	2	3	7 251
	Plumbing	1	32	33	84 646
	Re-instatement	-	1	1	6 633
	Repairs & Maintenance	1	5	6	6 524
Raschers Total		3	40	43	105 054
Roodepoort	Electrical	3	7	10	109 525
	Plumbing	29	30	59	265 421
	Re-instatement	2	-	2	53 208
	Repairs & Maintenance	1	9	10	78 934
Roodepoort Total		35	46	81	507 087
Selby	Electrical	4	4	8	59 239
	Plumbing	48	11	59	413 060
	Re-instatement	3	-	3	60 430
	Repairs & Maintenance	22	11	33	556 993
Selby Total		77	26	103	1 089 722
Turffontein	Electrical	17	8	25	179 560

	Plumbing	25	20	45	269 006
	Re-instatement	7	-	7	75 170
	Repairs & Maintenance	29	6	35	104 938
Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
Turffontein Total		78	34	112	628 674
Union Square	Electrical	20	9	29	150 923
	Plumbing	21	16	37	113 606
	Repairs & Maintenance	19	25	44	190 627
	Fire Equipment	-	1	1	144 414
Union Square Total		60	51	111	599 570
Grand Total		702	922	1 624	11 474 766

Table 24: Top 8 High Maintenance Costs Key Drivers

	Project Name	Cost for Q3	Project background	Root cause
1.	Pennyville	1 789 681	Greenfield	Poor workmanship - Developer
2.	Fleurhof	1 342 177	Greenfield	Poor workmanship - Developer
3.	Selby	1 089 722	City Referral	Aging infrastructure
4.	City Deep	646 889	City referral	Aging infrastructure
5.	Turffontein	628 674	Greenfield	Poor workmanship - Developer
6.	Union Square	599 570	Brown Field	Poor workmanship - Developer
7.	Dobsonville	569 139	Greenfield	Poor workmanship - Developer
8.	Roodepoort	507 807	Greenfield	Lack of project plan

- **PENNYVILLE BRIEF INFORMATION (786)**

Pennyville was developed by Calgro and JOSHCO was appointed to manage the stock on behalf of the City. Pennyville had serious structural defects that were never attended to, and they continue to grow as there is no budget to address them. Pennyville is built on a dolomite area, one of the blocks had serious structural defects and the engineers recommended its complete demolishing. Tenants were evacuated and the block was demolished in 2019/2020. The only way to sustain this project is through unplanned maintenance until full assessment is done.

- **FLEURHOF BRIEF INFORMATION (452 units)**

Fleurhof Junction was developed by Calgro and JOSHCO purchased it as a turnkey project. The main cost driver in Fleurhof are the heat pumps. Heat pumps are consistently breaking down. The normal day to day maintenance contractors are the ones that are currently repairing the broken heat pumps. A decision was made to appoint the specialized services that will take care of the heat pumps; smoke detectors, fire equipment and generators within JOSHCO buildings. The tender is at the awarding stage.

- **SELBY BRIEF INFORMATION (287 units)**

Selby is a former City employees staff hostel. It was upgraded into family units around 2011/2012. The upgrade was done only in the structure. There was no upgrade done on the electrical and sewer systems. The sewer system had failed to cope with the upgrades done. The admin block section which was used by JOSHCO as a site office was forced to shut down due to total collapse of the sewer system. This system needs to be re-done from the start.

Due to high electrical bill, housing management investigated the root cause. Adjacent to JOSHCO facilities, there is a Pikitup depot. The Pikitup depot account is billed under JOSHCO. This is so because this was one City of Johannesburg precinct before JOSHCO took over the management of Selby village. Housing management is currently on the process of separating the electrical distribution boxes to reduce the electrical charges. These are some of the historic events that housing management is currently investigating and find a way to resolve them.

- **CITY DEEP OLD BRIEF INFORMATION (380 units)**

City Deep Old is the former City employees' hostel that was upgraded into family units. City Deep old has similar challenges with Selby village, such as the aging infrastructure such as electrical cables and sewer systems. Housing management must replace burnt cables underground at the cost of more than R200 000.00 .

- **TURFFONTEIN PROJECT BRIEF INFORMATION (525 units)**

Turffontein is a greenfield project allocate in 2019/2020 financial year. This project is facing many challenges such as structural defects and inferior quality of the items used such as your door locks and taps. Housing management has been spending money on fixing items that are due to poor workmanship from the main contractor. This project was tenanted without occupation certificate.

- **UNION SQUARE BRIEF INFORMATION (341 units)**

Union square is a brown field and was tenanted in 2020/2021 financial year. The building was former Spoornet office block. It was converted into residential area. During the conversion, the whole basement area was excluded from the upgrade. Upon tenanting the building, the basement area was constantly flooded with sewer due to the aging pipes in the basement. Housing management was bound to upgrade DSTV, install non-return sewer valves to stop back flow when outside sewer is block on the street. Housing management had to fix the entire fire system that was damaged by the burst water pipe in the building.

- **DOBSONVILLE SOCIAL HOUSING PROJECT (502 units)**

Dobsonville project was tenanted in February 2020. The main cost driver is the heat pumps. This project has similar experience as Fleurhof and Turffontein projects due to heat pumps costs. Heat pumps cost is directly transferred to housing management once the project is tenanted and the cost is very high in nature.

- **ROODEPOORT**

The project was developed by Motheo in 2006 and was allocated in 2008. It is listed as one of the greenfield projects. The building has no plan, and the challenge is plumbing and electrical.

SECTION 7. ANALYSIS OF OCCUPANCY LEVELS PER PROJECT

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

Table 25: OCCUPANCY LEVELS PER PROJECT

No.	Project Name	Physical Unit No.	MDA		Occupancy
1.	AA House	252	252	246	97.62%
2.	African Diamond	61	61	50	81.97%
3.	Antea Hostel	302	409	358	87.53%
4.	Bellavista Infill	36	36	35	97.22%
5.	Bothlabela	520	521	520	99.80%
6.	Chelsea	80	80	80	100%
7.	Citrine Court	79	79	76	96.20%
8.	City Deep New	329	329	329	100%
9.	City Deep Old	380	425	415	97.64%
10.	Devland	255	255	255	100%
11.	Dobsonville	502	502	499	99.40%
12.	Diepkloof	148	148	146	98.65%
13.	Europa House	167	167	166	99.40%
14.	Fleurhof Ph. 1	452	452	448	99.11%
15.	Fleurhof Ph. 2	252	252	252	100.00%
16.	Hoek Street	265	265	258	97.35%
17.	Jabulani	54	54	54	100%
18.	Klipspruit (Beds)	40	54	54	100%
19.	Kliptown Golf C	936	936	929	99.26%
20.	Kliptown Square	478	478	476	99.58%

21.	La Rosabel	50	50	48	96.02%
22.	MBV	188	188	185	98.40%
23.	Orlando Ekaya 2	190	190	184	96.84%
24.	Orlando Ekaya 1	102	102	99	97.02%
25.	Orlando West	44	44	44	100%
26.	Pennyville (Flats)	198	198	195	98.48%
27.	Pennyville Rooms	564	564	563	99.82%
28.	Phoenix House	135	135	132	97.77%
29.	Rashers' Building	95	95	93	97.89%
30.	Roodepoort	432	432	430	99.53%
31.	Selby Rooms	19	19	19	100%
32.	Selby Units	256	256	254	99.21%
33.	Textile Building	162	162	144	88.88%
34.	Turffontein	525	525	523	99.61%
35.	Union Square	341	341	338	99.12%
	Totals	8889	9056	8897	98.24%

7.1 THE PROGRESS REPORT ON REGULARIZATION PROCESS IN MARCH 2022

7.1.1 Lease Renewal Resistance

There had been very slow progress in the renewal of leases. Most tenants whose leases had expired are in arrears. This had made the process to slow down as JOSHCO cannot renew leases with tenants who are not paying their rental and not willing to make arrangements. Those who are resisting had been referred to debt collection service provider.

7.1.2 Expired Leases

In terms of the Rental Housing Act No. 50 of 1999 Section 5 (5) state that:

" If on the expiration of the lease the tenant remains in the dwelling with the express or tacit consent of the landlord, the parties are deemed, in the absence of a further written lease, to have entered a periodic lease, on the same terms and conditions as the expired lease, except that at least one month's written notice must be given of the intention by either party to terminate the lease"

MITIGATION PLAN IN THE INTERIM

We have appointed 12 EPWP people who will assist in deal with the leases or supporting documents are missing at certain projects, Joshco proposed solution is the following: An online document management system that will be compatible for the following:

Document File manager – Back of House

A custom-built file manager to assist with management and delivery of leases to tenants of JOSHCO. In the phase one the functions will include: Tenant onboarding, A tenant creation interface which allows JOSHCO back of house to capture all personal details of the tenant and upload all supporting documents failure which no room will be allocated.

Document File Manager – User

Tailored to the immediate needs of JOSHCO, this system will be interfaced with the JOSHCO mobile application which will allow users to login using details provided by the admin dashboard. Only users who have leases with JOSHCO will be able to access the application in this phase.

Occupancy Audit and Income Verification

Joshco will be establishing a panel of service providers who will provide audit services. This panel will conduct quarterly occupancy audits and it will check what is filed in the online system correlates with what is found on the ground.

The intention of the audit is to confirm that all JOSHCO tenants continue to meet the qualifying criteria for occupying JOSHCO's units and furthermore JOSHCO seeks to gain a deeper understanding into the demographics, socio-economic profiles of tenants. Finally, JOSHCO seeks to understand the experiences of its tenants as well as their customer service preferences using data analytics and Artificial Intelligence in driving the as-is analysis and identifying further opportunities for analytics in recommendation, backed by demonstrable ability to deliver on this Furthermore, during those occupancy audits this will be used as an opportunity to do income verification and updating of contact information. Where discrepancies are picked up, Management will receive the probity report and will be expected to respond accordingly and rectify the errors made or identified.

A commercial stores audit will be conducted: Leases, Updating of information and implementation of the AOD system or Eviction notices. As well to develop the typologies for the various stores to ensure that we charge the correct prices

7.1.3 Executed Evictions

JOSHCO legal department had secured two eviction orders for execution. The evictions were carried out in Orlando Ekhaya and City Deep. The security department was tasked with the responsibility of ensuring that the units are protected, and the evicted tenants do not move back into the units. The security department did well under very difficult and dangerous circumstances. The units were protected and allocated to new qualifying tenants.

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

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

Table 26: Personnel Cost by Occupational Level as at 31 March 2022:

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

Occupational Level	No. of employees	Q3 Personnel Expenditure	% Of total personnel cost	Q3 Average cost per employee
Top Management (CEO, CFO)	2	852,514.00	3%	426,257.00
Executive Managers	4	1,536,859.12	5%	384,214.78
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	26	5,007,733.41	17%	192,605.13
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Main Worker and Admin)	108	11,213,179.35	38%	103,825.73
Semi-Skilled (Driver)	2	75,068.07	0%	37,534.04
Internship	3	71,660.00	0%	23,886.67

Unskilled (Office Attendants, Security Officers and Cleaners)	356	9,405,045.94	32%	26,418.67
EPWP	159	1669500	6%	10,500.00
Total	660	29 8315 59.89	100%	12 052 42.016

Note: Following the partial implementation of the Mogale Grading outcome for SAMWU members and a few IMATU members, the payroll burden increased by about 9% from the previous quarter.

SECTION 2: KEY VACANCIES

This section provides reporting on vacancies that were actioned, either by filling on an acting capacity or being recruited for.

Table 27: Acting Appointments

Designation	Current – Acting Role	From	Comments
DD Group Governance	Chief Operating Officer	18 January 2022 to 31 May 2022	Acting as a result of a resignation
DD – ICT CoJ	ICT Senior Manager	01 February 2022 to 01 May 2022	Acting as a result of a resignation
Metrobus Company Secretary	Company Secretary	01 March 2022 to 31 May 2022	Acting as a result of a resignation
Property Supervisor	Portfolio Manager	07 March 2022 to 08 April 2022	Acting as a result of annual leave taken
Property Supervisor	Portfolio Manager	03 March 2022 to 02 May 2022	Acting as a result of a promotion

2.1 RECRUITMENT

Table 28: Finalized Appointments

Position	# Vacancies	New Position/ Replacement	Status
Finance Intern	1	Replacement	Appointed on 17 February 2022
HR Officer: Employee Relations	1	Additional H/C	Appointed on 01 March 2022

Position	# Vacancies	New Position/ Replacement	Status
Procurement Specialist	1	New Position	Appointed on 01 March 2022
Total	3		

Table 29: Recruitment progress

Position	Vacancies	New Position/ Replacement	Status
Chief Operating Officer	1	New position	Awaiting approval
Receptionist	1	Replacement	Shortlisting Stage
Office Attendance	5	Replacement	Shortlisting Stage
Security Supervisor	2	Replacement	Shortlisting Stage
Executive Manager: Corporate Services	1	Replacement	Approval stage
Senior Manager: ICT	1	New position	Approval stage
Programme Manager: Special Project Management	1	Replacement	Approval stage
Manager: Planning and Performance	1	New Position	Approval stage
Special Projects: Construction Project Manager	1	Replacement	Approval stage
Monitoring and Evaluation Specialist	1	Addition to existing role	Approval stage
Compliance Specialist	1	New Position	Approval stage
Legal Officer	2	New Position	Approval stage
Total	18		

SECTION 3: EMPLOYMENT EQUITY

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

3.1 Employee Equity and Skills Development (EE/SD) Meeting

- The EE/SD committee is fully function with the addition of 2 IMATU Shop stewards who recently appointed following the resignation the two previous Shop stewards. In line with the terms of reference and legislation, the EE/SD meeting was held for the reporting period in March 2022.

3.2 Reporting

- JOSHCO successfully submitted the annual EE report (i.e., EEA2 and EEA4) in January 2022 and a confirmation letter received from the Department of Employment and Labour
- The quarterly monitoring report as required by the City of Johannesburg was also submitted

3.3 EE Profile

- As indicated in table 5 below, the entity has not moved with regards to the achievement of the set EE targets. This is mainly attributed to the fact that there were only 2 appointments (excluding the intern) and that had a negligible impact to the current profile.
- There is also a challenge with the sourcing of the People living with Disabilities, however the CoJ is in the process of creating such a database which we will have access to remotely.
- The racial profile highly skewed towards Black people as defined in the act
- Female employees maintain a 54% representation. This follows a resignation of 1 female and hiring of 2 females.

Table 30: Employee equity statistics

Employment Equity Profile													G/ Ttl	Racial % Profile	Female Gender % Achievement
Occupational Level	Male				Female				Foreign Nat.		Local				
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Management	1	0	0	0	1	0	0	0	0	0	1	1	2	100%	50%

Senior Management	2	0	0	0	2	0	0	0	0	0	2	2	4	100%	50%
Professionally Qualified / Middle Management	13	0	0	2	8	0	1	0	1	1	15	9	26	85%	35%
Skilled Technically and Academically Qualified	42	3	0	0	56	5	1	1	0	0	45	63	108	99%	57%
Semi-Skilled	2	0	0	0	0	0	0	0	0	0	2	0	2	100%	0%
Unskilled	159	3	0	0	190	5	0	0			162	195	357	100%	55%
	219	6	0	2	257	10	2	1	1	1	227	270	499	99%	54%

3.4 AGE PROFILE

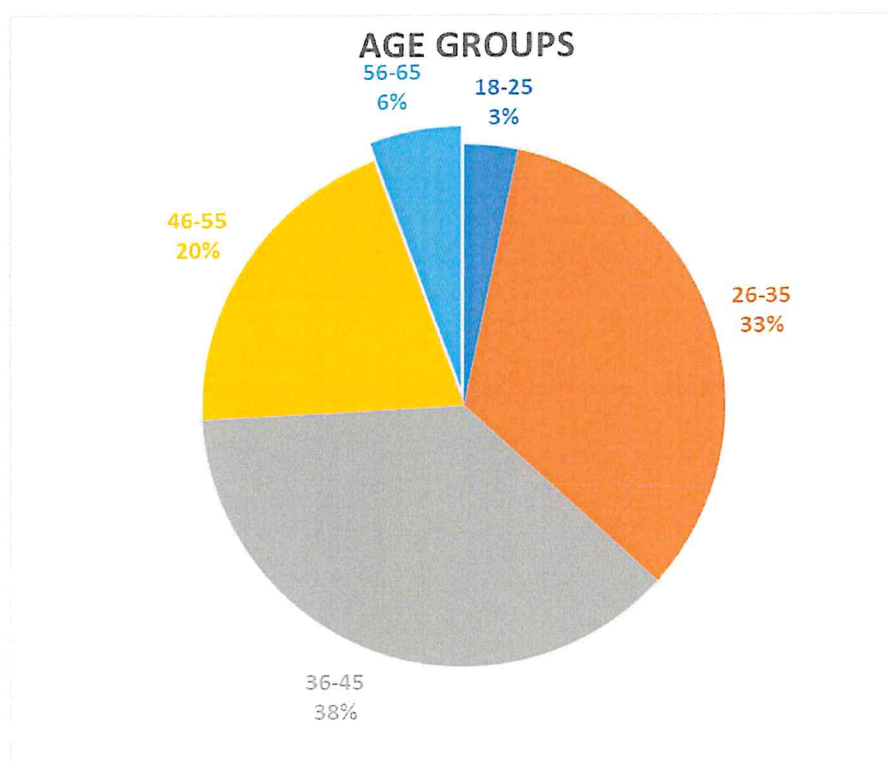


Figure 11: Employee Age Profile

- There has been no change in the workforce profile due to the limited of headcount movement
- 33% of our workforce is classified as youth and this is in line with our strategy to reduce the unemployment rate of the youth.
- 6% of the workforce is due for retirement in the next ten year, however, one retiree has been retained for a period for 2 years for operational requirements
- The majority of JOSHCO employees are aged between 36-45 years of age, which represents 38% of the JOSHCO staff establishment, and they mostly in the middle management category. This will assist in creation of a succession plan.

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

4.1 Bursaries for 2021/2022

- 61 Bursary applications were received and processed
- All applications were approved, however 2 employees failed some of their modules and opted to re-register at their own cost before continuing.
- To date 48 bursary invoices were paid. These are for employees that signed the Memorandum of Understanding and submitted invoices.

4.2 Training Interventions

- A fraud and corruption awareness workshop was held for the Human Resources Department

4.3 Workplace Skills Plan and Annual Training Report

- Not for the reporting period

SECTION 5: PERFORMANCE MANAGEMENT

Table 31: Progress on signed performance agreements

Department	Eligible Staff	Performance Agreements Submitted	Outstanding
Office of the CEO (Exec's, Internal Audit, Legal & Cosec)	14	1	13
Business Planning & Strategy (IT, Risk & PA)	8	6	2

Housing Management (PM's, HSV, Maintenance & Leasing, Comm Dev, Security)	61	6	54
Housing Development	8	0	8
Finance (Revenue, SCM & Finance Core)	35	4	31
Corporate Support (HR, Comm's, CC, Stakeholder)	19	8	8
Total	145	25	116

Comments:

- Only 17% of the targeted population contracted. This was a result of organised labour refusing to contract. Their main reason was around the fact that they did not understand the state of the organisation and they also wanted to be taken through the strategic plan and this has since been done
- The second issue was around the settlement of the Mogale grading issue. A partial payment was effected with the February 2022 payroll, albeit only for SAMWU members and few IMATU members who aligned themselves with the settlement agreement signed between Management and SAMWU.

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

6.1 Pending Disciplinary Matters

- Two matters remain outstanding, and they both involve gross dishonesty

6.2 Suspensions

- None

6.3 Finalised Matters

- One matter was finalised through a settlement agreement of a 6 months written warning. The matter related to gross insubordination and dereliction of duties

6.4 Grievances

- Two grievance cases remain outstanding and will be finalised as a result of the accused having resigned

6.5 External Referrals

- Two Matters at the Bargaining Council relating to constructive dismissal and unfair appointment
- One matter at the CCMA relating to equal pay for equal work of equal value
- 2 Matters at the Labour Court, 1 is an application for review by JOSHCO and the other was referred by IMATU in relation to the Mogale grading outcome implementation

SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hour's Policy, JOSHCO employees are entitled to 24 days leave per annum to be taken at a time convenient to JOSHCO and agreed upon by management. 80 sick leave days in a three (3) year cycle are also provided to staff. The table below provide a detailed overall leave management.

Overall, Company Leave Analysis:

Table 32: Leave Movement

Type of Leave	January	February	March	Total Leave days Taken	% Leave days Taken
Annual	655	145	34	834	86.69%
Sick	9	39	9	57	5.93%
Family Resp. Leave	3	3	0	7	0.73%
Study Leave	3	0	0	3	0.31%
Maternity Leave	21	20	20	61	6.34 %
Total	691	207	63	962	100%

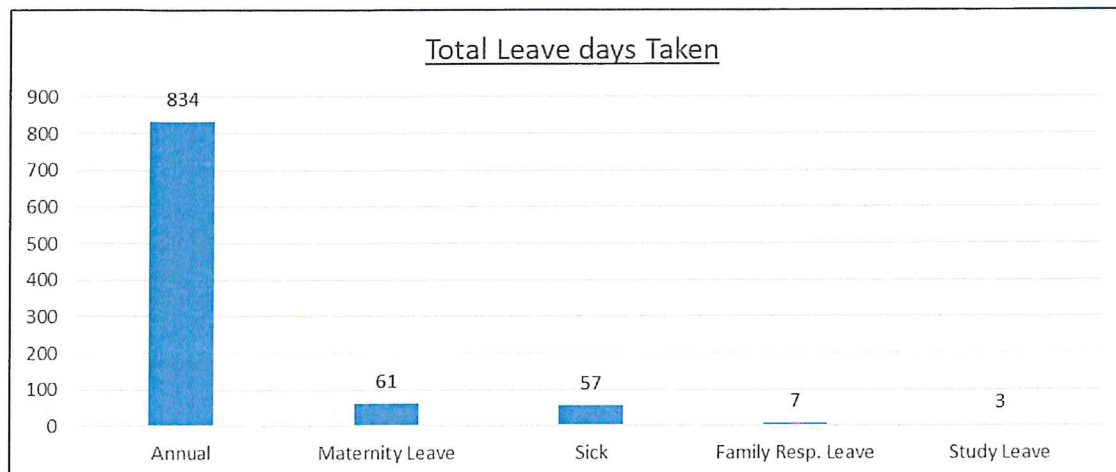


Figure 12: Leave taken

SECTION 8: MARKETING AND COMMUNICATION

This section of the report deliberates on the organisation's performance on marketing and communication objectives. This quarter's objectives focused on the 100 days programme and stakeholder engagement, particularly the tenants. The organisation launched the Tenants Outreach Programme which was led by the MMC to address issues in all JOSHCO projects. The programme is mainly aimed at accelerating service delivery across all projects and to get political intervention on historic issues i.e., the rent to buy lease contract and structural defects and maintenance turnaround.

Highlights

The department used digital methods to effectively disperse information and to engage stakeholders.

- The MMC 100 days programme which included the ground-breaking event for the Riverside view social housing development.
- The Interview on Soweto TV regarding
- Jozi FM interview on the Dobsonville project
- Production of the generic animated video about JOSHCO

8.1 COMMUNICATION PRODUCTS:

A total of 25 communication products were distributed to both internal and external stakeholders during the quarter. These included press statements and tenants' notices. Distribution was handled electronically, while some products were printed and posted in various projects.

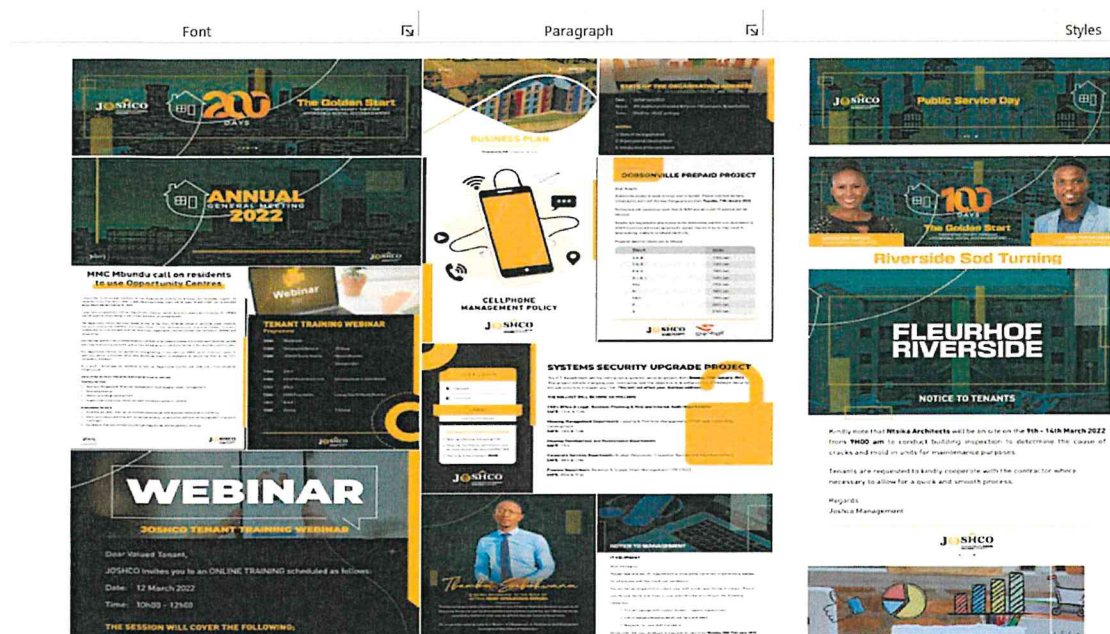


Figure 13: Examples of products

8.2 STAKEHOLDER ENGAGEMENTS AND EVENTS

With COVID-19 lockdown restrictions eased, the organisation was able to achieve physical engagements, with a total of 8 activations for both internal and external stakeholders.

The highlights of the quarter under review are as follows:

- 🕒 Online Tenants Webinar
- 🕒 Tenants Outreach
- 🕒 Site Inspection and
- 🕒 Sod Turning event

ONLINE TENANT TRAINING WEBINAR

The organisation delivered the second and third webinar to educate tenants about their leases, house rules and how to log different queries. The sessions included a presentation from SHRA

and the Housing department on issues of ownership/ FLISP, institutional and individual subsidies. The online training sessions were held on the 12th of February and the 19th of March 2022.


individual subsidies.



TENANTS OUTREACH PROGRAMME (3)

MMC Mabaso visited the Dobsonville project on Saturday, 11 March to engage tenants on issues of maintenance and rental collection. The visit forms part of the tenant education drive which started at JOSHCO's Anthea Hostel facility on the 25th of February. The outreach is a formal platform for the MMC to follow up on tenants' complaints, state of the units; frustrations on defects; poor security and access control, among others.

The third leg of the outreach programme took place at Orlando Ekhaya project on the 26th of March 2022. The MMC resolved that the organisation conduct occupancy audits to establish who is living in the units and for the lease renewal process to commence from the end of March 2022, to regularise the residents and ensure rent collection is maximised.



The Golden Start
"RESTORING DIGNITY THROUGH AFFORDABLE RENTAL ACCOMMODATION"

100 DAYS


TO DOBSONVILLE TENANTS

MMC FOR HOUSING, CILLR MLUNGISI MABASO

MMC for Housing; Cllr Mlungisi Mabaso will be at Dobsonville project on Saturday, 12th of March 2022 at 10h00 and would like to invite all tenants to join in.

Joshco will address among other issues:

- Lease renewals,



ROODEPOORT SITE INSPECTION, 17 FEBRUARY 2022

MMC Mabaso visited the Princess Plots development site to inspect the development progress. The MMC was joined by the contractor, Contract Manager, EM Development and the Social Facilitator.

progress. The MMC was joined by the contractor, Contract Manager, the social facilitator.



SOD TURNING



STATE OF THE ORGANISATION, 18 FEBRUARY 2022

- The CEO led a management meeting to address JOSHCO managers and organized labour on the state of JOSHCO affairs and labour relations matters.
- The session included a presentation by Ntiyiso Consulting on Organisational Development and group discussions concerning improving the relationship between labour and management

STATE OF THE ORGANISATION, 18 FEBRUARY 2022



8.3 MEDIA LIAISON AND MONITORING:

Three interviews were completed this quarter. The focus was on student accommodation; fraud and corruption; security and structural maintenance issues in JOSHCO properties.

- Private Property Live Podcast, 11 February 2022
- Soweto TV Interview, 25 February 2022
- Jozi Fm Interview, 9 March 2022

SUMMARY MEDIA COVERAGE/ ARTICLES: JANUARY - MARCH 2022

No articles detected for the quarter

SECTION 9: HEALTH AND SAFETY

JOSHCO Incidents Statistics: Between March 2020 to date

Table 33: Covid-19 cases reported

Total covid -19 positive cases (Since Covid-19 was detected)	Total recoveries	Total not yet recovered (active cases)	Total fatalities	Total direct contacts sent for testing	Total Staff Vaccinated
67	65	00	02	268	77

The following has been recorded for the reporting period:

- 01 new case recorded
- 0 Fatalities
- 0 staff members vaccinated

9.1 IOD and Fatalities

On 03 February 2022 at approximately 09h30 Ms. Mashawu Rose Shivambu was busy with cleaning duties when she accidentally missed a step and fell on the stairs. Ms. Shivambu sustained a left leg injury. WCL 2 document was completed for the employees to get medical care at Lesedi Hospital (Netcare). No major injuries were reported.

9.2 Covid-19 measures implemented (In Quarter 3 the following Covid-19 measures have been conducted).

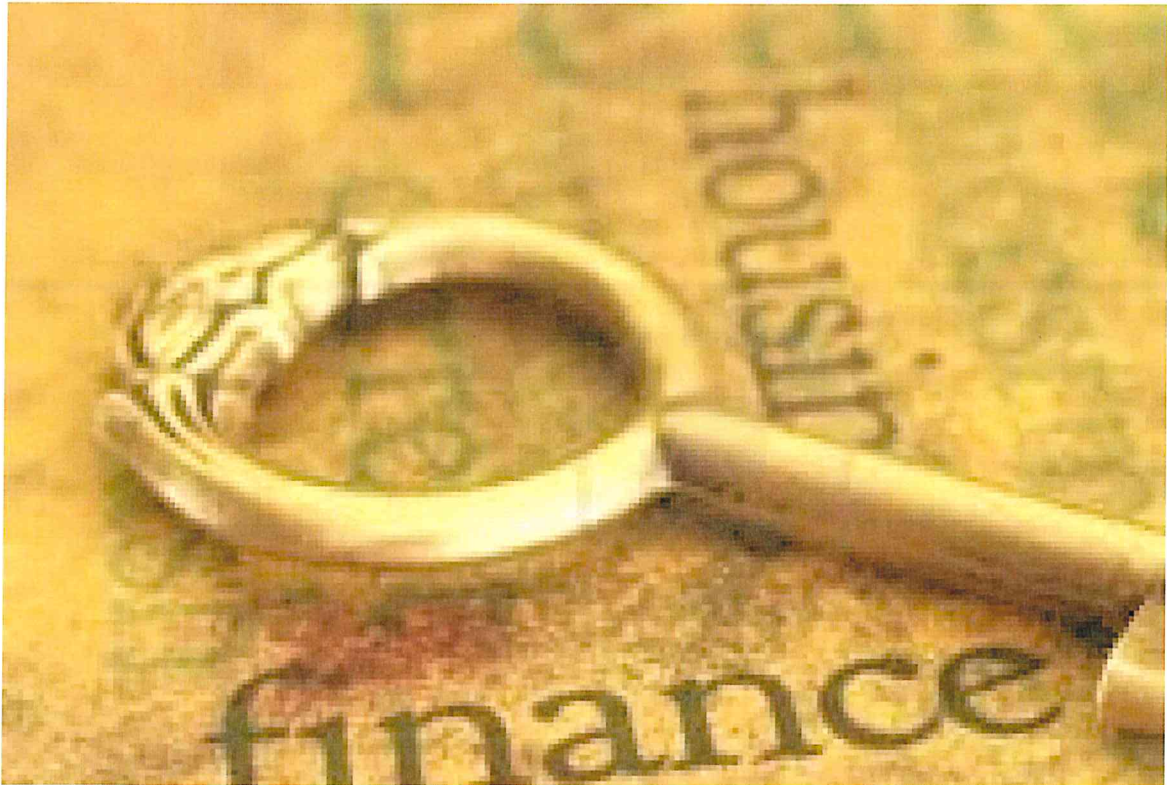
- As part of promoting a safe working environment the Covid-19 risk assessment was conducted and work plan was adjusted to level 1, this will allow employees to deliver services in a safe working environment.
- The safety meeting was held on the 24th of March 2022. The focus was on the Housing Management Department to give the Health and Safety Committee feedback on the strides made to correct the alarming concern that was raised regarding lack of adequate Personal Protective Equipment (PPE) for cleaners at the JOSHCO sites.

9.3 Health and Safety training

- 8 employees attended the Health and Safety Training. These included Security Officers Housing Supervisors. They are certified First Aiders.

9.4 Site visits and inspections

Site inspections were conducted in the following projects: City Deep, Phoenix house, Turffontein, Bellavista, Citrine Court, Devland (Bokamoso), Dobsonville, Kliptown Golf Course and Kliptown Square where it has still been observed that lack of inadequate Personal Protective Equipment (PPE) for cleaners need to be corrected.



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

An analysis of the financial position for the quarter ended 31 March 2022 is reflected below and in Table 34.

Table 34: Statement of Financial Position for the quarter ended 31 March 2022

Description	31 March 2022	31 December 2021 (Restated)	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	391	469	(78)	-17%
Loans to shareholders	5,958	5,958	-	0%
Current tax receivable	50	50	-	100%
Receivables from exchange transactions	1,224,552	1,119,282	105,270	9%
VAT receivable	2,555	3,200	(645)	-20%
Cash and cash equivalents	187,200	185,421	1,779	1%
	1,420,706	1,314,380	106,326	8%
Non-current assets				
Property, plant and equipment	7,297	7,666	(369)	-5%
Intangible assets	287	313	(26)	-8%
Investment in joint venture	21,310	21,310	-	0%
Deferred tax	22,526	22,526	-	0%
Total Non-current assets	51,420	51,815	(395)	-1%
Total Assets	1,472,126	1,366,196	105,930	8%
Liabilities				
Current Liabilities				
Loans to shareholder	985,719	999,873	(14,154)	-1%
Borrowings - DBSA	2,142	2,142	-	0%
Finance lease obligation	194	322	(128)	-40%
Payables from exchange transactions	757,290	649,496	107,794	17%
	1,745,345	1,651,833	93,512	6%
Non-Current Liabilities				
Borrowings - DBSA	7,925	8,569	(644)	-8%
Deferred Income from non-exchange transactions	178	178	-	0%
	8,103	8,747	(644)	-7%

Description	31 March 2022	31 December 2021 (Restated)	Variance	Variance %
Total Liabilities	1,753,448	1,660,580	92,868	6%
Net Assets	(281,322)	(294,384)	13,062	-4%
Share Capital	0.120	0.120	-	-
Accumulated deficit	(281,322)	(294,384)	13,062	-4%
Total Net Assets	(281,322)	(294,384)	13,062	-100%

1.1 Assets

Current assets have increased by R106.3 million (from R1.314 billion to R1.421 billion). Receivables from exchange transactions have increased by 9% due to high outstanding tenant debtors and high outstanding balances from the CoJ departments we are executing projects on behalf of. The highest outstanding balance is from the Department of Housing. In the quarter under review, we have only resumed work for projects which we are getting payment for and continue to halt their repairs and maintenance project which forms the bulk of the outstanding amount. This will continue until the department settles at least half of what is due to JOSHCO. VAT receivable decreased by 20% due to a VAT refund from SARS.

1.2 Liabilities

Loans from shareholders decreased by R14.2 million (from R999.9 mil to R985.7 million) due to the Department of Housing settling some of their project's invoices after receiving a suspension of works notice from JOSHCO. The decrease is not significant as we still ensure that we settle supplier invoices within 30 days. Payables from exchange transactions increased by 17% because of additional work done on behalf of other departments. Included in current liabilities is the current portion of the long-term loan from the DBSA.

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

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the quarter ended 31 March 2022 resulted in a deficit of R56 million.

Table 35: Statement of Financial Performance for the period ended 31 March 2022

Description	Actual YTD*	Budget YTD	Variance	Variance %
	R'000	R'000	R'000	
Rental Income	135 442	138 764	(3 322)	-2%
Subsidies	40 747	40 747	-	0%
Management Fees	68 133	56 393	11 740	21%
Interest Income	10 059	10 841	(782)	-7%
Utility recoveries	223	245	(23)	-9%
Other Income	889	1 888	(999)	-53%
Total Revenue	255 493	248 878	6 615	3%
Personnel costs	(115 768)	(110 013)	(5 755)	5%
Board fees	(1 978)	(2 396)	418	-17%
Special projects staff costs	(454)	-	(454)	100%
Provision for bad debts	(62 911)	(22 410)	(40 501)	181%
Depreciation and Amortisation	(1 151)	(1 118)	(33)	3%
Finance Costs	(22 939)	(1 202)	(21 737)	1808%
Repairs and Maintenance	(29 803)	(28 422)	(1 381)	5%
Security	(4 326)	(9 891)	5 565	-56%
Utilities	(51 465)	(46 381)	(5 084)	11%
Administrative	(20 732)	(27 045)	6 313	-23%
Total Expenditure	(311 527)	(248 878)	(62 649)	25%
Operating (Deficit)/Surplus before tax	(56 034)	-	(56 034)	-100%
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(56 034)	-	(56 034)	-100%

*YTD = Year to date (i.e., figures are cumulative)

2.1 Revenue

The entity's revenue is derived from the streams per Table 36 below.

Table 36: Composition of revenue

Revenue	Actual	Budget	Weighting %
	R'000	R'000	
Rentals Received	135 442	138 764	53%
Subsidies	40 747	40 747	16%
Management Fees	68 133	56 393	27%
Interest Received	10 059	10 841	4%
Utilities	223	245	0,1%
Other Income	889	1 888	0.3%
Total Revenue	255 492	248 878	100%

The biggest contributor to revenue is rental income making up 53% of total revenue. Total revenue is 3% (R6.6 million) above budget. The main reason for revenue being above budget is Management fees which are 21% (R11.7 million) above budget due to increased projects on behalf of other departments.

The entity's collection levels continue to decrease, we have collected 57% for current tenant rentals against a collection target of 90% for the current financial year as shown in Table 37 below. The debt collection company is proceeding with eviction processes for the tenants who have stated their refusal to pay. We are also continuing with our internal collection processes. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

Table 37: Revenue Collection

PORTFOLIO	TOTAL BILLING R'000	TOTAL COLLECTION R'000	% COLLECTION	REASONS FOR UNDER PERFORMANCE
Retail Space	2,312	1,596	69%	Shops in the inner city have defaulted on arrangements made as well as short payments on current rentals. These tenants have been handed over to debt collecting company for debt recovery and evictions.
Greenfields	17,833	9,855	55%	Delayed court orders for evictions. Debt recovery files opened for defaulting tenants.
Brownfields	21,247	13,713	65%	Delayed court orders for evictions & debt recovery & eviction files opened
City Referral	3,822	618	16%	Former City Stock with a rising demand for ownership and mobilised group of tenants campaigning for non-rental payments
OVERALL COLLECTION	45,214	25,782	57%	

The company currently uses the services of one debt collecting company to collect debt over 90 days. An additional two new debt collection companies are currently being engaged to extend the debt collection resources. The performance of the appointed debt collection company is shown in Table 38. For the year to date, the company has collected R8.3 million (3.3%) from the R252.5 million handed over to them for collection.

Table 38: Revenue collection by debt collection company

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-21	2,996	126,983	(833)	0.66%
Aug-21	2,988	128,745	(716)	0.56%
Sep-21	2,992	127,864	(774)	0.61%
Oct-21	3,000	137,352	(669)	0.49%
Nov-21	3,000	140,136	(608)	0.43%
Dec-21	3,000	143,691	(519)	0.36%
Jan-22	3,000	147,030	(488)	0.33%
Feb-22	4,887	230,057	(1,686)	0.73%
Mar-22	4,887	252,502	(1,996)	0.79%
TOTAL YEAR TO DATE	4,887	252,502	(8,289)	3.28%

2.2 Expenditure

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

g) Personnel costs

- 5% above budget (R5.8 million) due to overtime costs and leave pay provision.

h) Board fees

- 17% below budget (R418 thousand) due to less than anticipated procurement above R25 million requiring board approval.

i) Special projects staff costs

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

j) Provision for bad debts

- 181% above budget (R40.5 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 57% which is influenced by the reasons stated in Section 2.1 above.

k) Finance costs

- 1808% above budget (R21.7 million) due to interest charged on sweeping account which is in overdraft.

l) Utilities

- 11% above budget (R5 million) due to utility costs incurred more than available budget. The entity's budget was adjusted mid-year, but it was still not sufficient to cover the entire cost. A service provider has been appointed for a prepaid vending solution for electricity to assist with the reduction of costs and transferring of costs to the user of electricity. The system is currently being rolled out to projects. The system is designed in a way that JOSHCO can upload the tenant rental debt into the system and recover a portion of the rental outstanding when the tenant purchases electricity on the system. The system can clearly show the amount allocated for electricity and the amount allocated for the rental debt.

SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 31 March 2022 is R187.2 million. The tenant deposit account has a balance of R16.1 million. The SHRA account has a balance of R171 million. An amount of R985.7 million is in overdraft on the sweeping account, disclosed as a current liability (Loans from to/(from) shareholder).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

After the mid-year adjustment, the organisation has an allocated capital budget of R628 million funded from the external funding sources and capital reserves. We are still implementing the following programmes:

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

As at 31 March 2022 JOSHCO's verified spent for the quarter under review is 70% against a target of 70% per the table below.

Table 39: CAPEX Spend Per Project

Project Description	Approved Budget 2020/21	Amount Spent YTD	Balance	% Spend
	R'000	R'000	R'000	
38 Rissik Street (NBS) Inner City Building Conversion	1,500	-	1,500	0%
Abel Road Inner City Building Conversion	24,500	1,587	22,913	6%
Booysens Street Inner City Conversion	1,500	222	1,278	15%
Casamia Inner City Building Upgrade Region F	1,500	-	1,500	0%
Devland Golden Highway Social Housing Project Region D	50,000	16,285	33,715	33%
Inner City Buildings Acquisitions	32,000	27,031	4,969	84%
Lufhereng Social Housing Project Region D	96,000	87,749	8,252	91%
Nancefield Social Housing Project Region D	60,000	55,307	4,693	92%
Princess Plots Social Housing Project Region C	120,955	90,866	30,089	75%
Randburg Selkirk Social Housing Project Region B	15,000	2,213	12,787	15%
Roodepoort Social Housing Upgrade Region C	2,100	1,009	1,091	48%
Tum-Key 1: Region A	145,530	106,192	39,338	73%
Tum-Key 1: Region B	50,000	48,967	1,033	98%
Tum-Key 3: Region D	27,500	2,300	25,200	8%
	628,085	439,727	188,358	70%

SECTION 5: RATIO ANALYSIS

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

Table 40: Key Ratio Analysis as at 31 March 2022

KEY PERFORMANCE INDICATOR	2021/22 TARGET	QUARTER 3 TARGET	QUARTER 3 PERFORMANCE	VARIANCE	MITIGATION ACTION
Achievement of selected profitability and liquidity ratios	Current ratio 1:1	1:1	0.81	-0.19	<p>The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utility costs.</p> <p>The entity's 5-year strategic plan which focuses on revenue enhancement activities in order to improve the entity's financial sustainability is under implementation as follows:</p> <ul style="list-style-type: none"> • Increase in management fee income earned on projects implemented on behalf of other COJ entities. JOSHCO continues to engage and evaluate other interests for the use of our panels from other COJ entities. We are now implementing projects on behalf of Housing, Health, Community Development, Legislature, JMPD, EMS and Social Development. • Student accommodation – the building is 100% occupied as at February 2022.
	Solvency Ratio 1:1	1:1	0.84	-0.16	

KEY PERFORMANCE INDICATOR	2021/22 TARGET	QUARTER 3 TARGET	QUARTER 3 PERFORMANCE	VARIANCE	MITIGATION ACTION
					<ul style="list-style-type: none"> Outdoor advertising – Service provider is currently doing an assessment our buildings for advertising opportunities. Prepaid vending system – the system is currently being rolled out to projects. The system is designed in a way that JOSHCO can upload the tenant rental debt into the system and recover a portion of the rental outstanding when the tenant purchases electricity on the system. The system can clearly show the amount allocated for electricity and the amount allocated for the rental debt.
	Cost Coverage: 50 days	50 days	-284 days	-334 days	<p>Non-performance is due to low cash balances and an overdraft as a result of settlement of suppliers prior to receiving claims from the departments we are executing projects on behalf.</p> <p>The highest outstanding balance is from the Department of Housing. In the quarter under review, we have only resumed work for projects which we are getting payment for and continue to halt their repairs and maintenance project which forms the bulk of the outstanding amount. This will continue until the department settles the entire outstanding balance for repairs and maintenance.</p>
	Remuneration to operational expenditure (OPEX) up to	40%	37%	+3%	None required target achieved.

KEY PERFORMANCE INDICATOR	2021/22 TARGET	QUARTER 3 TARGET	QUARTER 3 PERFORMANCE	VARIANCE	MITIGATION ACTION
% Of valid invoices	40%				
	90% collection in respect of current debtors	90%	57%	-33%	<p>Non-achievement of this target is due to continued low rental collection across all projects.</p> <p>The debt collection company has been instructed to proceed with eviction processes for the tenants who have stated their refusal to pay. The debt collecting company has collected R7.4 million year to date for outstanding debt older than 90 days handed over to them.</p> <p>Eviction orders are executed as and when they are granted. The challenge with obtaining eviction orders is that tenants tend to oppose the applications on the date of hearing, which results in matters being postponed for tenants to file opposing papers and obtain legal representation. A further challenge is reaching agreement with tenants on settlement of the arrears. Most payment proposals made by tenants have been unreasonable and unacceptable. However, more tenants are anticipated to come forward with acceptable payment arrangements as they have been advised that the court process will only be withdrawn if arrears are settled in full, or if acceptable payment arrangements are made.</p>
	100% of valid	100%	100%	-	<p>Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.</p> <p>None required target achieved.</p>

KEY PERFORMANCE INDICATOR	2021/22 TARGET	QUARTER 3 TARGET	QUARTER 3 PERFORMANCE	VARIANCE	MITIGATION ACTION
paid within 30 days of invoice receipt	invoices paid within 30 days of invoice receipt				
% Capital Expenditure Budget.	95% Capital Expenditure Budget.	70%	70%	-	Achieved

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

6.1 DEVIATIONS ON SCM

Table 41 reflects approved deviations for the quarter under review.

Table 41: Approved deviations for the quarter ended 31 March 2022

Name of tender	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount
Belemandi Consulting	Cosec	Extension of Scope – board committee meetings taking longer than allocated time was unforeseen and made it impractical to follow SCM.	16 March 2022	R 10 968.75	R 15 906.25

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 31 March 2022, all valid invoices were paid within 30 days.

6.3 REPORT IN IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There was an incident which occurred in quarter 2 and was not reported as we were still negotiating with Eskom to reverse the interest charge. The entity incurred a late interest charge for the late payment of an Eskom invoice of R1 993.09. The user department approved the invoice late as they referred it to the appointed service provider to verify the charges. To prevent this happening in the future, the Executive Manager will not wait for the verification of the charges by the service provider before submitting the invoice to Finance. Should there be errors in the charges, it will be corrected in the following month.

During the current quarter under review. Group Internal Audit finalised their Phase 3 Special Internal Audit Report on COVID-19 Expenditure for the period 01 October 2020 to 31 July 2021. It was detected that the entity incurred irregular expenditure of R146 069.81 due to an emergency procurement for fumigation which is in contravention of Paragraph 3.2 of MFMA Circular 105 which dictates that “the procurement of COVID-19 goods or services to prevent or alleviate, contain or minimise the effect of Disaster is no longer automatically regarded as emergency procurement as from 01 September 2020”

The above procurement was implemented during the time when the SCM Manager was on maternity leave. A temp SCM Manager was appointed, and it was later discovered that she is not familiar with most of the Public Sector Supply Chain processes. In order to mitigate against this going forward, management to ensure all SCM officials are assessed on knowledge of Public Sector Supply chain process prior to appointment, and this will be monitored throughout even on the already appointed officials through training and ongoing monitoring.

There is a further R22.1 million potential irregular expenditure due to overspend of the budget. The cumulative amount for the year is reported in the fourth quarter.

6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

The below table reflects the approved variation orders for the period under review.

Table 42: Approved variation orders for the quarter ended 31 March 2022

Name of tender	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount	Variation	% Variation
Sibanye	Business Planning and Risk	Unexpected number of employees from the shareholder attended the session.	24 Feb 2022	R 31 050.00	R 34 155.00	R 3 105.00	10%
Rengwi Construction – COMDEV 003 2021	Additional Scope of work – repair work to roads, geotechnical investigations, remove and replace carpets with tiling, steel palisade fencing, sanitary fittings and specialist installations.	Additional Scope of work	22 Feb 2022	R13 148 720.09	R15 049 955.31	R1 901 235.22	14.5%

6.5 AWARDS MADE FOR THE QUARTER

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

Table 43: 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
BCM/001/2021	JOSHCO BUSINESS CONTINUITY MANAGEMENT CONSULTANCY FOR THE PERIOD NOT EXCEEDING 12 MONTHS.	BUSINESS RISK AND PLANNING	Sowetan, Inner City Gazette, The Star and JOSHCO website	22-Feb-22	HOSI TECHNOLOGIES	SECOND HIGHEST SCORING BIDDER BASED ON BLACK OWNERSHIP	R1,600,000.00	R1,505,000.00	LEVEL 1
HCSA/001/2021	APPOINTMENT OF A SERVICE PROVIDER FOR CLEANING AND AD HOC SERVICES FOR JOSHCO VARIOUS PROJECTS FOR PERIOD NOT EXCEEDING 36 MONTHS	HOUSING MANAGEMENT UNIT	Sowetan, Inner City Gazette, The Star and JOSHCO website	22-Feb-22	TIM 73 GENERAL PROJECTS	HIGHEST SCORING BIDDER	R12,000,000.00	R11,934,000.00	LEVEL 1
HEALTH/066/2021	THE APPOINTMENT OF A CONTRACTOR	SPECIAL PROJECT UNIT - COJ HEALTH	JOSHCO MAINTENANCE PANEL	3-Mar-22	GASELA MST PROJECTS	HIGHEST SCORING BIDDER	R3,105,515.66	R2,767,853.64	LEVEL 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
	FOR MINOR WORKS AT ELDORADO EXT9 CLINIC IN REGION G.								
JMPD/017/2021	THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT DISASTER MANAGEMENT IN MARTINDALE IN REGION B FOR COJ-PUBLIC SAFETY.	SPECIAL PROJECT UNIT - COJ PUBLIC SAFETY	JOSHCO MAINTENANCE PANEL	1-Mar-22	THE GREAT ROCKS TRADING	HIGHEST SCORING BIDDER	R2,568,800.60	R2,635,409.01	LEVEL 1
RFP/PM/048/2021	THE APPOINTMENT OF A PROJECT MANAGEMENT CONSULTANT FOR THE MANAGEMENT AND SUPERVISION OF	SPECIAL PROJECT UNIT	JOSHCO PANEL OF PROFESSIONAL SERVICES - PROJECT MANAGEMENT	7-Feb-22	KMSD ENGINEERING	SECOND HIGHEST SCORING BIDDER (ROTATIONAL METHOD APPLIED)	R8,832,000.00	R7,107,000.00	LEVEL 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
	MAINTENANCE CONTRACTORS.								
RFP/PM/049/2021	THE APPOINTMENT OF A PROJECT MANAGEMENT CONSULTANT FOR THE MANAGEMENT AND SUPERVISION OF CAPITAL WORKS PROJECTS.	SPECIAL PROJECT UNIT	JOSHCO PANEL OF PROFESSIONAL SERVICES - PROJECT MANAGEMENT	7-Feb-22	KKN CONSULTING ENGINEERS	HIGHEST SCORING BIDDER	R10,074,000.00	R7,102,975.00	LEVEL 1
RFP/QS/051/2021	THE APPOINTMENT OF A SERVICE PROVIDER TO REVIEW EXISTING JOSHCO MAINTENANCE PRICING SCHEDULE FOR A PERIOD OF 36 MONTHS	HOUSING MANAGEMENT UNIT	JOSHCO PANEL OF PROFESSIONAL SERVICES - QUANTITY SURVEYORS	1-Mar-22	KOSTHAUS CONSULTING PTY LTD	HIGHEST SCORING BIDDER	R350,000.00	R273,700.00	LEVEL 2

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
SFE/001/2021	PANEL OF SERVICING OF FIRE EQUIPMENT & PROVISION OF ASSOCIATED FIRE EQUIPMENT FOR THE PERIOD NOT EXCEEDING 36 MONTHS	HOUSING MANAGEMENT UNIT	Sowetan, Inner City Gazette, The Star and JOSHCO website	1-Mar-22	7 VARIOUS SERVICE PROVIDERS	QUALIFYING BIDDERS	N/A	N/A	LEVEL 1
JSU/001/2021	APPOINTMENT OF A SERVICE PROVIDER TO PROVIDE JOSHCO WITH SECURITY UNIFORM FOR A PERIOD NOT EXCEEDING 36 MONTHS.	HOUSING MANAGEMENT UNIT	Sowetan, Inner City Gazette, The Star and JOSHCO website	1-Mar-22	THUMAMINA HYGIENE SOLUTION	HIGHEST SCORING BIDDER	R2,500,000.00	R19,940 (ITEMISED)	LEVEL 1
JMPD/019/2021	THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT HOUSE NUMBER	SPECIAL PROJECT UNIT -COJ PUBLIC SAFETY	JOSHCO MAINTENANCE PANEL	17-Mar-22	SONOKELA TRADING ENTERPRISE	HIGHEST SCORING BIDDER	R350,176.16	R347,374.04	LEVEL 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
	50 RAHIMA MOOSA STREET IN REGION F FOR COJ-PUBLIC SAFETY								
JMPD/018/2021	THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT FENNEL ROAD FLEET DEPARTMENT IN REGION F FOR COJ-PUBLIC SAFETY	SPECIAL PROJECT UNIT -COJ PUBLIC SAFETY	JOSHCO MAINTENANCE PANEL	17-Mar-22	THE GREAT ROCKS	HIGHEST SCORING BIDDER	R438,810.69	R428,986.74	LEVEL 1
JMPD/016/2021	THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT JMPD DIEPSLOOT ZONAL OFFICE IN REGION A FOR	SPECIAL PROJECT UNIT -COJ PUBLIC SAFETY	JOSHCO MAINTENANCE PANEL	17-Mar-22	SONOKELA TRADING ENTERPRISE	HIGHEST SCORING BIDDER	R557,909.71	R442,457.76	LEVEL 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
	COJ-PUBLIC SAFETY.								
LEGIS/001/2021	THE APPOINTMENT OF A CONTRACTOR FOR THE REFURBISHMENT OF 4X COUNCILLORS UNITS	SPECIAL PROJECT UNIT -COJ LEGISLATURE	JOSHCO PANEL OF CONTRACTORS - POC/001/2021	30-Mar-22	TOOLSLANE	HIGHEST SCORING BIDDER	R6,519,123.66	R4,628,106.00	LEVEL 1
COMDEV/020/2022	THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT MUSEUM AFRICA BUILDING IN	SPECIAL PROJECT UNIT -COJ COMDEV	JOSHCO PANEL OF CONTRACTORS - POC/003/2021	30-Mar-22	BROOKLYN PROJECTS 21	HIGHEST SCORING BIDDER	R26,350,172.05	R18,764,791.30	LEVEL 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
	REGION F								

6.6 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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

Table 44: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 3 R'000	% Of total expenditure
Capital Expenditure	132 024	60%
Operational Expenditure	87 690	40%
Total Expenditure	219 984	100%

b) Capital Expenditure		
Nature of expenditure	Quarter 3 R'000	% Of Capex expenditure
Professional Consultants	58 736	44%
Contractor Payments	73 288	56%
Total Expenditure	132 024	100%

c) Operational Expenditure		
Nature of expenditure	Quarter 3 R'000	% Spend
Procurement <R200 000	3 244	4%
Cleaning and Gardening	-	0%
Directors Remuneration-Board and Comm	602	0.5%
Operational Expenditure	3 973	4.5%
Security Services – Housing Management	483	0.5%
Security Services – Housing Development	15 775	18%
Repairs and Maintenance	63 613	73%
Total	87 690	100%

6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on at least 51% Black owned companies, women owned companies and youth owned companies as detailed in Tables 45 to 47 below.

Table 45: Summary of spent to at least 51% black owned companies

Period	Total OPEX from procurement activities	OPEX to at least 51% black owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	140,958	140,958	100%
Quarter 2	76,167	72,491	95%.
Quarter 3	87,690	70,989	81%
Period	Total CAPEX from procurement activities	CAPEX to at least 51% black owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	236,513	148,274	63%
Quarter 2	196,718	155,834	79%
Quarter 3	132,024	126,524	96%

Table 46: Summary of spend on women owned companies

Period	Total OPEX from procurement activities	OPEX to women owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	140,958	18,561	13%
Quarter 2	76,167	5,001	7%
Quarter 3	87,690	17, 836	20%
Period	Total CAPEX from procurement activities	CAPEX to women owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	236,513	16,796	7%
Quarter 2	196,718	5,396	2%
Quarter 3	132,024	5,666	4%

Table 47: Summary of spend on youth owned companies

Period	Total OPEX from procurement activities	OPEX to youth owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	140,958	422	0.18%
Quarter 2		-	0%

Quarter 3	76,167 87,690	-	0%
Period	Total CAPEX from procurement activities	CAPEX to youth owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	236,513	16,796	7%
Quarter 2	196,718	5,396	2%
Quarter 3	132,024	-	0%

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

JOSHCO is currently attending to the following litigation issues and matters are still in progress.

Table 48: Pending cases

LITIGATION	STATUS	POSSIBLE LIABILITY
CANCELLATION OF A PROPERTY SALE AGREEMENT	In progress	Purchase price, transfer costs and legal expenditure incurred in pursuing the claim.
FOR DAMAGES	In progress	R 13 926 340.53, which is the amount spent on professional fees, R 719 340.00 instituted for damages suffered due to the non-performance and legal costs incurred in pursuing the claim.
CLAIM FOR UNPAID INVOICES FOR WORK DONE ON THE CASA-MIA PROJECT	In progress	The claim for an amount of R 4 019 239.39 plus Legal fees
CLAIM FOR UNPAID INVOICES FOR WORK DONE ON THE DOBSONVILLE PROJECT	In progress	Interest on invoices at dispute
APPLICATION FOR PROVISIONAL LIQUIDATION FOR UNPAID INVOICES (DOBSONVILLE PROJECT)	In progress	Legal fees
APPLICATION FOR COURT INTERDICTION (PRINCESS PLOTS PROJECT)	In progress	Legal costs

SECTION 8: INSURANCE CLAIMS AGAINST/TO 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 is described as non-motor and motor fleet insurance as well. African Dawn was appointed as the insurance broker for all the City Departments and entities. Several claims related to property damage of the JOSHCO managed rental stock have been lodged with African Dawn in the 2020/2021 and the current financial year. There was no insurance claim pay out processed in Q3 due to the insurance Portfolio Manager hospitalisation and commitment for the outstanding claims to be paid out in April 2022 was made. The meeting was held

with the City and the insurance to address unavailability of official to assist JOSHCO when the allocated portfolio manager is absent, and the matter was resolved. One laptop claim to the value of **R10 000.00** was repudiated.

The following table depicts the insurance claims status as detailed:

Table 49: insurance claims status

Insured Year	ADRS Claim no	Date of Loss	Policy Type Description	Details of incident	Status/Comments	Amounts Paid to JOSHCO
2019	ADRS00001975	23/08/2019	Assets All Risk	Switchboard damaged due to power outage	Signed AOL with African Dawn for processing	Payment not received
2020	ADRS00003777	06/11/2020	Asset All Risk	Laptop theft - Rashele	Claim with African Dawn for processing	Claim repudiated.
2018	ADRS00006622	17/06/2019	Asset All Risk	Kliptown fire damage	Signed AOL with African Dawn for processing	Payment not received
2021	ADRS00006626	03/04/2021	Asset All Risk	Laptop theft - Kenneth	Claim with African Dawn for processing	Payment not received
2021	ADRS00006630	29/03/2021	Asset All Risk	Laptop theft - Neo	Claim with African Dawn for processing	Payment not received

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

The amount which JOSHCO owes other departments or entities or that which other departments or government entity owe JOSHCO is shown in Table 52 below.

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

Name of department	Amounts owed/(owing)		Account status
	R'000		
	Q2 of FY2021/22	Q3 of FY2021/22	
City of Johannesburg: Sweeping account	(999 873)	(985 719)	180 days overdue
City of Johannesburg: Housing	689 468	746 374	180 days overdue
Gauteng Department of Human Settlements	15 969	15 969	180 days overdue
City of Johannesburg: Treasury	5 958	5 958	180 days overdue
City of Johannesburg: CAM	191 991	349 387	60 days overdue
City of Johannesburg: Health Department	15 437	13 704	60 days overdue
City of Johannesburg: GEF	2 835	1 760	30 days overdue
City of Johannesburg: Community Development	8 972	16 478	Current
City of Johannesburg: Legislature	196	13 009	Current
City of Johannesburg: JMPD	2 748	15 612	Current
City of Johannesburg: EMS	-	2 026	Current
City of Johannesburg: Licencing	-	433	Current
City of Johannesburg: Social Development	-	562	Current
Total	(66 299)	195 553	

CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS

SECTION 1: AUDIT OBJECTIVES

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

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

SECTION 2: AUDIT SCOPE

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

SECTION 3: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

At the start of quarter 3, the total number of unresolved Internal Audit findings was 38. The findings with implementation date overdue were 20. Internal Audit followed up on all the overdue findings and noted that 55% (11/20) were resolved and 45% (9/20) were still not resolved. The below tables indicate the findings per department.

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

Departments	Finding Overdue	Overdue findings resolved	Overdue Finding not resolved
Finance	8	4	4
Planning and Strategy	7	6	1
Housing Management	3	0	3
Human Capital Management	2	1	1
Housing Development	0	0	0
Total	20	11	9
%	100%	55%	45%

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

The total number of AGSA findings is 9. These comprise 6 findings that affect audit opinion and 3 findings that are classified as other matters. For quarter 3, JOSHCO had **3 findings with overdue implementation dates** and all the 3 were followed up by Internal Audit and considered resolved. The other 6 findings will be followed up when the implementation becomes due. The table below shows the classification of findings by AGSA and the number of resolved and unresolved findings.

Table 52: Audit findings raised by AGSA in 2020/2021 Financial year:

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting the auditor's opinion	3	3	0
Other important matters	0	0	0
Administrative matters	0	0	0
Total	3	3	0
%	100%	100%	0%

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

In the third quarter of the 2021/2022 financial year, Internal Audit completed three (6) full audits, three (3) probity reviews and two (2) follow-up reviews. Based on the findings raised in these audits, Internal Audit concluded that the organisation's controls are **Inadequate and Ineffective**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors' recommendations. However, the level of control environment is not on a level that is required. Management should ensure that controls are adequately designed and monitored, this will provide reasonable assurance that set objective will be achieved.