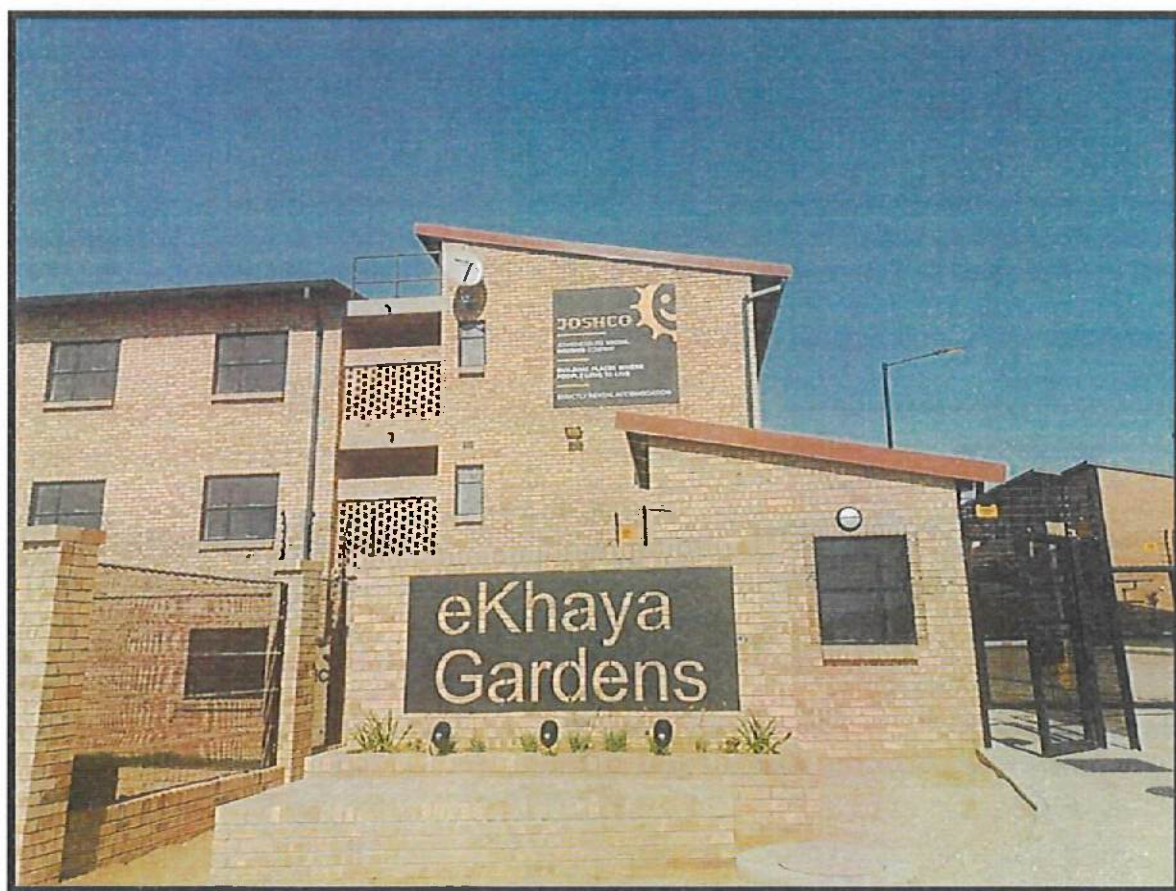




a world class African city



## Q3 QUARTERLY PERFORMANCE REPORT 2024/25



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

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

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

**COMPANY INFORMATION:**

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

**Registered Address** : 61 Juta Street  
Braamfontein

**Postal Address** : 61 Juta Street  
Braamfontein

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

**Fax number** : 086 240 6691



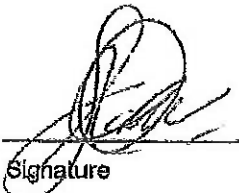


**Website** : [www.joshco.co.za](http://www.joshco.co.za)

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

**Bankers** : Standard Bank of SA Limited

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

**Approval**

|   |  |
|---|--|
| <p><u>Musa Nkosi</u><br/> Name &amp; Surname<br/> Acting Chief Financial Officer</p> <p><br/> Signature</p>              | <p>Date of Approval: _____</p>             |
| <p><u>Nokwazi Mtshali</u><br/> Name &amp; Surname<br/> Acting Chief Executive Officer</p> <p><br/> Signature</p>         | <p>Date of Approval: <u>07/04/2025</u></p> |
| <p><u>Joson Sobekwa</u><br/> Name &amp; Surname<br/> Chairperson of Audit and Risk Committee</p> <p><br/> Signature</p> | <p>Date of Approval: <u>24/04/2025</u></p> |
| <p><u>THEONORE Dhlamini</u><br/> Name &amp; Surname<br/> Chairperson of the Board</p> <p><br/> Signature</p>           | <p>Date of Approval: <u>24/04/2025</u></p> |
| <p><u>Mlungisi Mabele</u><br/> Name &amp; Surname<br/> Member of Mayoral Committee</p> <p><br/> Signature</p>          | <p>Date of Approval: <u>06/05/25</u></p>   |

## ABBREVIATIONS

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

## TABLE OF CONTENTS

|  |            |
|--|------------|
| <b>CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE .....</b>   | <b>6</b>   |
| SECTION 1: CHAIRPERSON'S FOREWORD .....  | 7          |
| SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT .....  | 8          |
| SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT .....  | 10         |
| SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY .....                                      | 11         |
| SECTION 5: STRATEGIC OBJECTIVES .....  | 11         |
| <b>CHAPTER TWO: GOVERNANCE .....</b>   | <b>15</b>  |
| SECTION 1: BOARD OF DIRECTORS .....  | 16         |
| SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE .....   | 24         |
| SECTION 3: RISK MANAGEMENT .....   | 25         |
| SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATIONS .....  | 31         |
| SECTION 5: ICT GOVERNANCE .....  | 33         |
| SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS .....  | 36         |
| <b>CHAPTER THREE: SERVICE DELIVERY PERFORMANCE .....</b>   | <b>42</b>  |
| SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS .....   | 43         |
| SECTION 2: SERVICE DELIVERY CHALLENGES .....   | 43         |
| SECTION 3: RESPONSE TO STRATEGIC DIRECTION AS AT 31 MARCH 2025 .....                               | 43         |
| SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS .....   | 44         |
| SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES .....                                      | 46         |
| <b>CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT .....</b>                           | <b>67</b>  |
| SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES) .....                          | 68         |
| SECTION 2: KEY VACANCIES .....   | 68         |
| SECTION 3: EMPLOYMENT EQUITY .....   | 71         |
| SECTION 4: SKILLS DEVELOPMENT AND TRAINING .....   | 72         |
| SECTION 5: PERFORMANCE MANAGEMENT .....  | 73         |
| SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES .....   | 74         |
| SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT .....   | 75         |
| SECTION 8: EMPLOYEE BENEFITS .....   | 77         |
| SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES .....   | 79         |
| <b>HAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE .....</b>                                       | <b>83</b>  |
| SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES .....                              | 84         |
| SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES .....                           | 85         |
| SECTION 3: CASH FLOW STATEMENT .....   | 90         |
| SECTION 4: CAPITAL PROJECTS AND EXPENDITURE .....  | 91         |
| SECTION 5: RATIO ANALYSIS .....  | 92         |
| SECTION 6: SUPPLY CHAIN MANAGEMENT AND BROAD-BASED BLACK ECONOMIC<br>EMPOWERMENT .....             | 96         |
| SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES .....                                      | 105        |
| SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE .....   | 112        |
| SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND<br>PUBLIC ENTITIES ..... | 112        |
| <b>CHAPTER 6: INTERNAL AUDIT .....</b>   | <b>115</b> |
| SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN .....   | 116        |
| SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS .....                                 | 117        |
| SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS .....                                 | 117        |
| SECTION 4: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS) .....                   | 117        |



1

## LEADERSHIP AND CORPORATE PROFILE



## SECTION 1: CHAIRPERSON'S FOREWORD

The third quarter of the financial year has brought to the fore both the resilience and the continued constraints within JOSHCO's operating environment. As the Board, our responsibility remains to provide strategic oversight while ensuring that the entity functions with accountability, financial prudence, and impact in the developmental place.

With a performance achievement of 53.33% for the quarter, it is evident that while progress has been made in select areas, the organisation remains under considerable pressure to deliver fully on its mandate. Financial sustainability indicators remain below acceptable thresholds, primarily due to rising operating costs and long-standing debtor collection challenges. While remedial actions have been proposed and some are already under implementation, the Board is clear: execution must improve, and results must follow.

We acknowledge management's ongoing efforts in stabilising revenue streams, enhancing digital solutions, and tightening expenditure controls. However, persistent underperformance on key financial and operational targets demands decisive intervention and sustained leadership focus.

The Board will continue to apply rigorous oversight to ensure that the approved strategies translate into measurable improvements. The communities we serve cannot afford missed targets or diluted outcomes. We remain committed to supporting management where appropriate, but equally firm in holding the entity accountable to the highest standard of public service delivery.

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

It is with great pleasure that I present to you the quarterly performance report of the Johannesburg Social Housing Company for the 2024/25 Financial year. The entity continues to improve in the delivery of affordable social housing for and on behalf of the City of Johannesburg.

### **Operational Highlights**

During the third quarter of the 2024/25 financial year, JOSHCO has made significant strides in its operational performance. One of the key achievements in housing development is the completion of construction activities at Abel Road Phase 1 delivering 103 units, and Nederberg Student Accommodation which is currently pending the Occupation Certificate. Additionally, we maintained an impressive occupancy rate above 98% for both regulated and non-regulated rental stock. In support of the Expanded Public Works Programme (EPWP) and Small, Medium, and Micro Enterprises (SMMEs), we created 219 EPWP work opportunities in the quarter, with a year-to-date performance of 867 jobs created against an annual target of 1000

In terms of governance, JOSHCO successfully resolved 89% of internal audit findings against a quarterly target of 75% and implemented 96% of risk action plans during the quarter. These achievements reflect our commitment to maintaining high standards of accountability and risk management. Furthermore, we met all seven of our Service Level Standards, demonstrating our dedication to delivering quality social and affordable housing. Despite challenges such as low rental collection and insufficient allocation of funds by the City, we have implemented strategic measures and engaged with stakeholders to address these issues effectively.

### **Financial Performance**

The financial performance for the period ended 31 March 2025 resulted in a deficit of R365 088 million. Total revenue is below budget by R13 625 million. The biggest contributor to revenue earned in the current financial year is rental income, making up 46% of total revenue. Rental income, the largest contributor to our revenue, was 16.49% over budget due to higher-than-projected tenant allocations.

Our cash flow remains a critical area of focus, with cash and cash equivalents balance standing at R22 233 million. Significant amounts are owed by various CoJ departments, impacting our liquidity. We continue to engage with these departments to resolve outstanding debts and improve our cash flow situation.

### **Future Outlook**



Looking ahead, JOSHCO is committed to enhancing its financial sustainability and operational efficiency. We are implementing strategies to improve revenue collection, including the implementation of DebiCheck mandates for new accounts, lease renewals and regularisation, and payment arrangements, as well as offering settlement discount vouchers to encourage tenants to settle long-outstanding debts. Additionally, we are exploring additional revenue streams such as student accommodation and commercial spaces to diversify our income sources.

Operational efficiency remains a priority, and we are continuing the rollout of prepaid meters to better manage utility costs. Enhancing security measures through cost-effective solutions and technology integration is also a key focus area. Strengthening relationships with tenants and stakeholders is crucial to addressing service delivery challenges and improving tenant satisfaction. We are actively engaging with CoJ departments to resolve outstanding debts and improve our cash flow.

In conclusion, despite the financial challenges faced in the third quarter, JOSHCO remains focused on its mission to provide affordable social housing and improve the quality of life for the residents of Johannesburg. We are confident that the strategic initiatives underway will position JOSHCO for sustainable growth and success in the coming quarters.

**Ms Nokwazi Mtshali**  
**Chief Executive Officer (Acting)**

### **SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT**

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

#### **Revenue Report**

Total revenue is below budget by R13 625 million. The biggest contributor to revenue earned in the current financial year is rental income, making up 46% of total revenue. Rental income is 16.49% over budget due to tenant allocation of projects was higher than projected as a result of the use of JOSHCO APP. i.e. Ekhaya Gardens, Riverside View and Lufhereng. Management fees is under budget by almost 75%, JOSHCO has commenced less special projects for CoJ Core Departments due to the long outstanding debt not being settled on time. The interest income charged on overdue rental debtors is above budget by 42% due to interest charged to defaulting tenants.

The entity's collection levels resulted in 75% for current tenant rentals for the 3<sup>rd</sup> Quarter of 2024.25 FY ending on 31 March 2025 as shown in Chapter 5. Collections in respect of SHRA funded Projects is 69%, JOSHCO Projects is 81%, whilst the Retail space is at 77%. City Referral stock collection levels are 32%, and overall collection when that stock is included is 67%.

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

#### **Financial Performance**

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 March 2025 resulted in a deficit of R365, 088 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget. The reasons and mitigations are addressed in Chapter 5.

#### **CAPEX Expenditure**

JOSHCO's verified cumulative spend for the quarter under review is R166, 994 million, which is 60% of the total CAPEX budget approved, the target for the quarter is 75%.

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

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

The Johannesburg Social Housing Company (JOSHCO) was established by the City of Johannesburg (CoJ) in November 2003 to provide affordable social housing options and reduce the City's housing backlog. JOSHCO is responsible for managing and providing social and affordable rental housing for households of various income levels, with a particular focus on low-income households. The entity is also responsible for the maintenance, refurbishment, and management of some of the City-owned rental housing stock, as well as the provision of municipal services.

JOSHCO is a registered social housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The entity is required to comply with all relevant legislation, including the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA), and Companies Act. The policies and strategies of JOSHCO reflect the vision of the CoJ, as outlined in its long-term plans.

## **SECTION 5: STRATEGIC OBJECTIVES**

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

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

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

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



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

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





# CHAPTER 2

## GOVERNANCE

## SECTION 1: BOARD OF DIRECTORS

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

The shareholder retains the prerogative to appoint boards of all City entities through a resolution of the Annual General Meeting (AGM). The Board of Directors of JOSHCO is presided over by a Non-Executive Director (Chairperson), Theodore Dhlamini. Table 1 below lists the eleven Non-Executive Directors, two (2) Executive Directors and three (3) Independent Audit Committee members.

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

**Table 2: Board Composition as at 31 March 2025.**

| Members   | Capacity                  | Gender | Status | Qualifications  |
|---|---------------------------|--------|--------|---|
| Mr Theodore Dhlamini<br><b>*Appointed on 31 July 2024</b>           | Non-Executive<br>Director | M      | Active | Post Graduate Diploma in Management.  |
| Mr Zamikhaya Wauthus<br>Xalisa<br><b>*Appointed on 31 July 2024</b> | Non-Executive<br>Director | M      | Active | Masters in Sustainable Agriculture (MSA)<br>Masters in Business Administration (MBA)  |
| Mr Albert Baloyi<br><b>*Appointed on 31 July 2024</b>               | Non-Executive<br>Director | M      | Active | Bcom Accounting   |
| Mr Lawrence Mduduzi Ndlovu<br><b>*Appointed on 31 July 2024</b>     | Non-Executive<br>Director | M      | Active | Bachelor of Art in Philosophy<br>Bachelor of Divinity<br>Master of Theology<br>Being a Director 1 – Short Course<br>The Governance of Ethics – Short Course |
| Adv Ntokozo Mjiyako<br><b>*Appointed on 31 July 2024</b>            | Non-Executive<br>Director | M      | Active | LLB<br>PDM-S<br>MPhil   |
| Ms Bayiphiwe Simelane<br><b>*Appointed on 31 July 2024</b>          | Non-Executive<br>Director | F      | Active | Diploma in Public Relations and Communication   |
| Ms Thandeka Tshabalala<br><b>*Appointed on 31 July 2024</b>         | Non-Executive<br>Director | F      | Active | BCom Accounting<br>Post Grad in Financial Planning  |
| Mr Musa Shibambu<br><b>*Appointed on 31 July 2024</b>               | Non-Executive<br>Director | M      | Active | Master of Philosophy in International Business  |
| Ms Tabisa Poswa<br><b>*Appointed on 31 July 2024</b>                | Non-Executive<br>Director | F      | Active | Baccalaureus Juris<br>Baccalaureus Legum – LLB  |



|   |   |   |  |   |
|---|---|---|--|---|
| Mr Jason Sobekwa<br>*Appointed on 31 July 2024          | Non-Executive<br>Director                   | M | Active   | Bachelor of Accounting<br>Post Graduate Diploma- Financial Management<br>MBA<br>ACMA, CGMA (CIMA)   |
| Dr Thulani Alfred Mdadane<br>*Appointed on 31 July 2024 | Non-Executive<br>Director                   | M | Active   | MBA<br>MSC<br>M.Phil.<br>PHD  |
| Mr Musa Nkosi   | Executive<br>Director                       | M | Active<br>(Appointed as<br>acting CFO on 18<br>September 2024) | Postgraduate Diploma in Accounting Sciences<br>Bachelor of Accounting Science (WITS)  |
| Ms Nokwazi Mshali                                       | Executive<br>Director                       | F | (Appointed as<br>acting CEO on 26<br>August 2024)              | Bachelor of Arts Degree in Media and<br>Communication<br>Postgraduate Diploma in Management in the field<br>of Public and Development Sector Monitoring and<br>Evaluation<br>Certificate in Municipal Financial Management  |
| <b>Independent Audit Members</b>                        |   |   |  |   |
| Mr Obed Thenga  | Independent<br>Audit<br>Committee<br>Member | M | Active   | BCom Honours  |
| Dr Steven Piet Ngobeni                                  | Independent<br>Audit<br>Committee<br>Member | M | Active   | National Diploma (Town/Urban and Regional<br>Planning)<br>BTech degree (Town/Urban and Regional<br>Planning)<br>MA (Development Studies)<br>MSc (Built Environment)<br>MPA (Public and Development Management)<br>LLM (International Business)<br>PhD (Real Estate) |
| Ms Thulisile Mfusi                                      | Independent<br>Audit<br>Committee<br>Member | F | Active   | Honours Degree in Accounting Science  |

## 1.1. DUTIES OF THE BOARD AND COMMITTEES

### 1.1.1 Board Responsibilities

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

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

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

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

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

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

#### 1.1.2.1 Audit & Risk Committee

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

The Committee consist of the following members:

##### Audit & Risk Committee as at 31 March 2025

|                     |                                      |
|---------------------|--------------------------------------|
| Jason Sobekwa       | Non-Executive Director (Chairperson) |
| Albert Baloyi       | Non-Executive Director               |
| Obed Thenga         | Independent Audit Committee Member   |
| Thulisile Mfusi     | Independent Audit Committee Member   |
| Steven Piet Ngobeni | 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.
- Identification of financial, business and operational risk areas of the company to be covered in the scope of internal and external audits.
- Ensuring that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship of the company with the Auditor General of South Africa.
- Reviewing the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg.
- Reviewing the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible wrongdoing or improprieties in financial reporting and other matters.
- Monitoring and review of the performance information provided by the company against the approved business plan, the City's Integrated Development Plan and the Growth and Development Strategy and providing the Board of Directors with an authoritative and credible view of the performance of the company.
- Monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.

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

#### 1.1.2.2 Social, Ethics & Human Resource Committee

The Committee consists of the following members: -

##### Social, Ethics & HR Committee as at 31 March 2025

|                         |                                      |
|-------------------------|--------------------------------------|
| Lawrence Mduduzi Ndlovu | Non-Executive Director (Chairperson) |
| Bayiphiwe Simelane      | Non-Executive Director               |
| Tabisa Poswa            | Non-Executive Director               |
| Zamikhaya Xalisa        | Non-Executive Director               |
| Thandeka Tshabalala     | Non-Executive Director               |

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

- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consideration of the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Selection of an appropriate comparative source when comparing remuneration levels.
- Advising on the remuneration of non-executive directors.
- Management development and succession plans for executive levels.
- Making recommendations to the Board where necessary or taking approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.



- Good corporate citizenship including promotion of equality and contribution to development of communities.
- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.
- To draw matters to the attention of the Board as required, and
- To report to the Shareholder at the AGM on matters within its mandate.

### 1.1.2.3 Development Committee

The Committee consists of the following members:

#### Development Committee as at 31 March 2025

|                             |                                      |
|-----------------------------|--------------------------------------|
| Ntokozo Mjiyako             | Non-Executive Director (Chairperson) |
| Thulani Mdadane             | Non-Executive Director               |
| Musa Shibambu               | Non-Executive Director               |
| Theodore Zithulele Dhlamini | Non-Executive Director               |

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

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

## 1.2. BOARD AND COMMITTEE MEETING ATTENDANCES

### 1.2.1. BOARD AND COMMITTEE MEETING ATTENDANCES

- a) The Board held one (1) ordinary meeting in Q3 of 2024/25 FY (Ordinary Board Meeting – 18 January 2025).
- b) The Audit and Risk committee held one (1) ARC meeting (Ordinary ARC meeting 09 January 2025).
- c) The Social, Ethics and Human Resource Committee held one (1) Meeting (Ordinary Social, Ethics and Human Resource Meeting – 08 January 2025).
- d) The Development Committee held one (1) meeting (Ordinary Development Committee Meeting – 08 January 2025).

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

Table 3: Board Meeting attendances as at 31 March 2025

| Board of Directors          | Board Meetings |        |           |
|-----------------------------|----------------|--------|-----------|
|                             | Attendance     | Absent | Apologies |
| <b>Number of Meetings</b>   | <b>1</b>       |        |           |
| Mr Theodore Dhlamini        | 1              | 0      | 0         |
| Mr Zamikhaya Wauthus Xalisa | 1              | 0      | 0         |
| Mr Albert Baloyi            | 1              | 0      | 0         |
| Mr Lawrence Mduduzi Ndlovu  | 1              | 0      | 0         |
| Mr Ntokozo Mjiyako          | 1              | 0      | 0         |
| Ms Bayiphiwe Simelane       | 1              | 0      | 0         |
| Ms Thandeka Tshabalala      | 1              | 0      | 0         |
| Mr Musa Shibambu            | 1              | 0      | 0         |
| Ms Tabisa Poswa             | 1              | 0      | 0         |
| Mr Jason Sobekwa            | 1              | 0      | 0         |
| Dr Thulani Alfred Mdadane   | 1              | 0      | 0         |
| Ms Nokwazi Mtshali          | 1              | 0      | 0         |
| Mr Musa Nkosi               | 1              | 0      | 0         |
| Sello Mothotoana            | 0              | 0      | 0         |

Table 4: Board Committee Meetings attendances as at 31 March 2025

| Board of Directors and independent committee members | Audit & Risk |        |           | Development |        |           | Social and Ethics |        |           |
|--|--------------|--------|-----------|-------------|--------|-----------|-------------------|--------|-----------|
|  | Attendance   | Absent | Apologies | Attendance  | Absent | Apologies | Attendance        | Absent | Apologies |
| <b>Number of Meetings</b>                            | <b>1</b>     |        |           | <b>1</b>    |        |           | <b>1</b>          |        |           |
| Mr Theodore Dhlamini                                 | -            | -      | -         | 1           | 0      | 0         | -                 | -      | -         |
| Sello Mothotoana                                     | 0            | 0      | 0         | 0           | 0      | 0         | 0                 | 0      | 0         |
| Mr Zamikhaya Wauthus Xalisa                          | -            | -      | -         | -           | -      | -         | 1                 | 0      | 0         |
| Mr Albert Baloyi                                     | 1            | 0      | 0         | -           | -      | -         | -                 | -      | -         |
| Mr Lawrence Mduduzi Ndlovu                           | -            | -      | -         | -           | -      | -         | 1                 | 0      | 0         |
| Mr Ntokozo Mjiyako                                   | -            | -      | -         | 1           | 0      | 0         | -                 | -      | -         |
| Ms Bayiphiwe Simelane                                | -            | -      | -         | -           | -      | -         | 1                 | 0      | 0         |

| Board of Directors and independent committee members | Audit & Risk |        |           | Development |        |           | Social and Ethics |        |           |
|--|--------------|--------|-----------|-------------|--------|-----------|-------------------|--------|-----------|
|  | Attendance   | Absent | Apologies | Attendance  | Absent | Apologies | Attendance        | Absent | Apologies |
| Ms Thandeka Tshabalala                               | -            | -      | -         | -           | -      | -         | 1                 | 0      | 0         |
| Mr Musa Shibambu                                     | -            | -      | -         | 1           | 0      | 0         | -                 | -      | -         |
| Ms Tabisa Poswa                                      | -            | -      | -         | -           | -      | -         | 1                 | 0      | 0         |
| Mr Jason Sobekwa                                     | 1            | 0      | 0         | -           | -      | -         | -                 | -      | -         |
| Dr Thulani Alfred Mdadane                            | -            | -      | -         | 0           | 1      | 0         | -                 | -      | -         |
| Mr Obed Thenga                                       | 1            | 0      | 0         | -           | -      | -         | -                 | -      | -         |
| Ms Thulisile Mfusi                                   | 1            | 0      | 0         | -           | -      | -         | -                 | -      | -         |
| Dr Piet Ngobeni                                      | 1            | 0      | 0         | -           | -      | -         | -                 | -      | -         |
| Ms Nokwazi Mtshali                                   | 1            | 0      | 0         | 1           | 0      | 0         | 1                 | 0      | 0         |
| Mr Musa Nkosi  | 1            | 0      | 0         | 0           | 1      | 1         | 0                 | 1      | 1         |

### 1.3 REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors, and Independent Audit Committees of 2021 FY. Remuneration reflects figures from the Q3 of the FY 2024/25.

**Table 5: Board of Directors Remuneration as at 31 March 2025**

| Name                        | Designation            | Remuneration       |
|-----------------------------|------------------------|--------------------|
| Mr Theodore Dhlamini        | Non-Executive Director | *R28 000.00        |
| Mr Zamikhaya Wauthus Xalisa | Non-Executive Director | R20 000.00         |
| Mr Albert Baloyi            | Non-Executive Director | R20 000.00         |
| Mr Lawrence Mduduzi Ndlovu  | Non-Executive Director | R22 000.00         |
| Mr Ntokozi Mjiyako          | Non-Executive Director | R22 000.00         |
| Ms Bayiphiwe Simelane       | Non-Executive Director | R20 000.00         |
| Ms Thandeka Tshabalala      | Non-Executive Director | R20 000.00         |
| Mr Musa Shibambu            | Non-Executive Director | R20 000.00         |
| Ms Tabisa Poswa             | Non-Executive Director | R20 000.00         |
| Mr Jason Sobekwa            | Non-Executive Director | **R62 000.00       |
| Mr Thulani Alfred Mdadane   | Non-Executive Director | -                  |
| <b>Total</b>                |                        | <b>R254 000.00</b> |

\*fees include MMC's quarterly

\*\*fees include ARC sittings and Group Committee Meetings

**Table 6: Independent Audit and Risk Committee members' remuneration as of 31 March 2025**

| Name                   | Designation              | Remuneration      |
|------------------------|--------------------------|-------------------|
| Mr Obed Thenga         | Independent Audit Member | R8 000.00         |
| Mr Steven Piet Ngobeni | Independent Audit Member | R8 000.00         |
| Ms Thulisile Mfusi     | Independent Audit Member | R8 000.00         |
| <b>Total</b>           |                          | <b>R24 000.00</b> |

**Table 7: Executive Management remuneration as at 31 March 2025.**

| Name                   | Designation                         | Remuneration          |
|------------------------|-------------------------------------|-----------------------|
| Mr Molapane Mothotoana | Chief Executive Officer             | R 555 237,54          |
| Ms Nokwazi Mtshali     | EM: Planning & Strategy/ Acting CEO | R 554 825, 58         |
| Ms Madonna Rangaka     | Company Secretary                   | R 832 195, 04         |
| <b>Total</b>           |                                     | <b>R 1 193 278,16</b> |

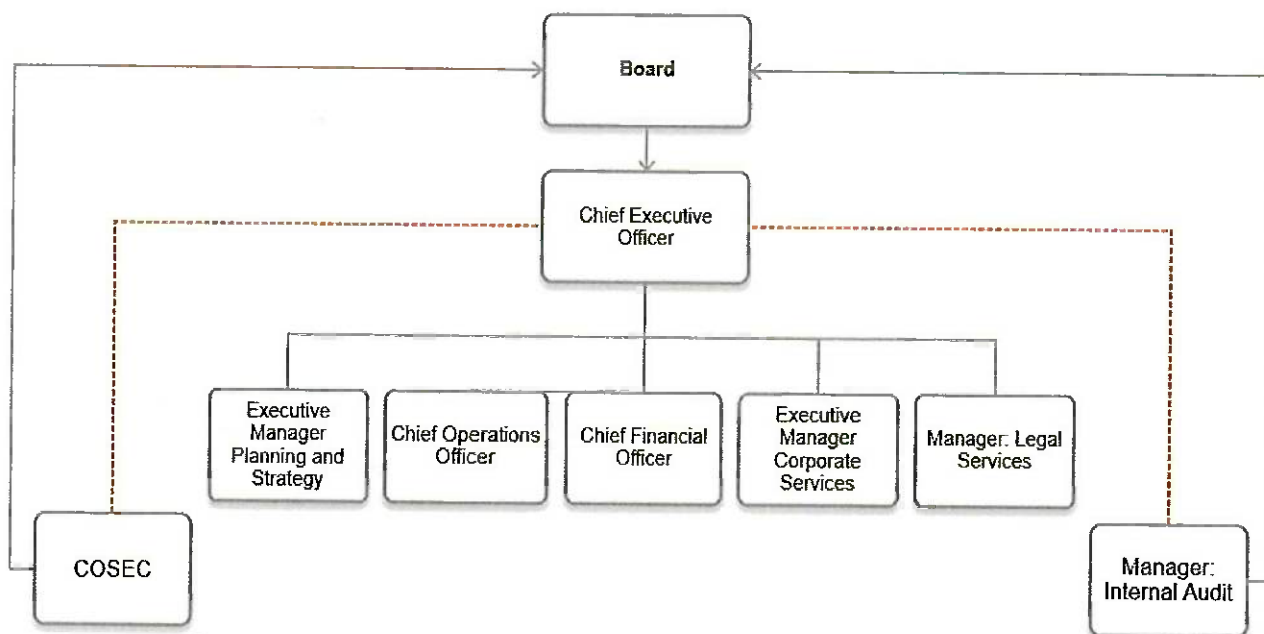
#### 1.4 COMPANY SECRETARIAL FUNCTION

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

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

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





*Figure 1: High-level Organisational Structure*


### SECTION 3: RISK MANAGEMENT


The Johannesburg Social Housing Company (JOSHCO) has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King IV Report on Corporate Governance, and applicable Risk Management Standards. Oversight over the governance and management of risk within JOSHCO is conducted by the Audit and Risk Committee which is the statutory sub-Committee of the Board. The Committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with Board approved Terms of Reference.



### 3.1. RISK ESCALATION METHODOLOGY

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


Table 8: JOSHCO Top 5 Strategic Risks as at 31 March 2025

| No. | Risk Description                         | Residual Risk Rating | Residual Risk Rating | Residual Risk Movements   | Consequences   | Mitigation Progress to Date  |
|-----|--|----------------------|----------------------|---|--|--|
|     |  | Q2                   | Q3                   |   |  |  |
| 1.  | Inability to continue as a going concern | Very High            | Very High            |  | <ul style="list-style-type: none"> <li>Inability to meet organisational operational and financial obligations.</li> <li>Low collection rate</li> <li>Inability to implement our planned operational expenditure</li> <li>Continued deficit</li> <li>Poor financial performance, credit risk and bad reputation</li> <li>Cashflow challenges</li> <li>Increased interest expenditure that is</li> </ul> | <ul style="list-style-type: none"> <li>DebiCheck mandate is enforced as a new payment method and pre-requisite on all new leases, renewals and payment arrangements.</li> <li>There are currently 561 tenants on DebiCheck and collection rate for this is on R700 000 monthly.</li> <li>2 342 files have been handed over to the Housing Tribunal Court since beginning of August 2024 and 3 credit controllers have been assigned to assist with opening of files due to the Tribunal's capacity constraints.</li> <li>To date 363 cases have been opened with reference numbers, and 117 of these cases are on mediation stage and 246 on arbitration stage. All these tenants have been served with notices to appear</li> </ul> |

| No. | Risk Description  | Residual Risk Rating |      | Residual Risk Movements  | Consequences   | Mitigation Progress to Date   |
|-----|---|----------------------|------|--|--|---|
|     |   | Q2                   | Q3   |  |  |   |
|     |   |                      |      |  | not budgeted for.  | <p>in Court.</p> <ul style="list-style-type: none"> <li>Stakeholder Relations Management has intensified its engagement with tenants. There is an improvement on the relationship between JOSHCO and the tenants. The issues are brought to JOSHCO's attention in an orderly manner and are resolved amicably.</li> <li>The management fee has been increased to 10%. Recent SLAs drafted in Q3 allude to a 10% management fee.</li> <li>Finance Department held engagements with Housing Management Department and monthly financial information on expenditure incurred are submitted to Finance Department for monitoring purposes.</li> </ul> |
| 2.  | Occurrences of safety and security incidents at JOSHCO facilities | High                 | High |  | <ul style="list-style-type: none"> <li>Injuries and fatalities</li> <li>Theft</li> <li>Financial losses due to illegal tenants not paying rent directly to JOSHCO</li> <li>Litigations from tenants</li> <li>Fines and penalties by the Department of Labour and Employment (as well as</li> </ul> | <ul style="list-style-type: none"> <li>The installation of the biometric systems at most projects has not commenced due to budget constraints, however, during the quarter under review an installation was completed at Abel Street (The Ridge).</li> <li>A threat and vulnerability assessment were conducted in August 2024, the report is valid for 12 months.</li> <li>During the quarter under review, the below training interventions were conducted:</li> <li>✓ Tenant – Orientation and awareness in response to</li> </ul>   |

| No. | Risk Description                              | Residual Risk Rating |      | Residual Risk Movements   | Consequences  | Mitigation Progress to Date   |
|-----|---|----------------------|------|---|---|---|
|     |   | Q2                   | Q3   |   |   |   |
|     |   |                      |      |   | other regulatory bodies leading to potential financial losses)  | <p>emergency (Abel Street)</p> <ul style="list-style-type: none"> <li>✓ Staff – Orientation and awareness in an event of emergency during JOSHCO staff meeting</li> <li>✓ Health and Induction – Riverside</li> <li>• Health and Safety Training for Fire Marshals &amp; First Aiders.</li> </ul>   |
| 3.  | Inability to deliver capital projects on time | High                 | High |    | <ul style="list-style-type: none"> <li>• Non-attainment of medium to long term project revenue because of limited number of social housing and affordable housing units built</li> <li>• Litigation by service providers for non-payment.</li> <li>• Inability to fulfil service delivery standards</li> <li>• Increased projects costs</li> <li>• Project delays/stoppage</li> </ul> | <ul style="list-style-type: none"> <li>• A budget adjustment presentation was submitted to the CoJ Budget Steering Committee for consideration. The Council approved the 2024/25 revised budget for Johannesburg Social Housing Company on the 13th of March 2025.</li> <li>• During the quarter under review, there were no contracts terminated for non-performance.</li> <li>• A comprehensive stakeholder engagement plan has been developed to effectively engage and manage JOSHCO stakeholders.</li> </ul> |
| 4.  | Business Interruption                         | High                 | High |  | <ul style="list-style-type: none"> <li>• Loss of critical information/ and access to JOSHCO bank account details leading to potential financial losses</li> <li>• Non- compliance with POPIA resulting</li> </ul>   | <ul style="list-style-type: none"> <li>• The Business Continuity Steering Committee convene on quarterly basis, the Q3 meeting was held on 11 March 2025.</li> <li>• A DR test was successfully conducted on 14 March 2025.</li> <li>• There are measures in place to respond to different energy</li> </ul>  |



| No. | Risk Description     | Residual Risk Rating |      | Residual Risk Movements   | Consequences   | Mitigation Progress to Date  |
|-----|----------------------|----------------------|------|---|--|--|
|     |                      | Q2                   | Q3   |   |  |  |
|     |                      |                      |      |   | <p>in fines, penalties, and imprisonment</p> <ul style="list-style-type: none"> <li>Inability to proactively respond to disasters and continue with JOSHCO operations</li> <li>Network connectivity unavailability</li> </ul>  | <p>challenges at Head Office, i.e., UPS and generator.</p> <ul style="list-style-type: none"> <li>A secondary Link was implemented and continuously provide high network availability.</li> </ul>  |
| 5.  | Aging infrastructure | High                 | High |  | <ul style="list-style-type: none"> <li>High maintenance cost leading to financial loss</li> <li>Inability to complete planned maintenance at JOSHCO projects</li> <li>Unhappy tenants leading to reputational damage and non-payments/rental boycotts</li> <li>Loss of life</li> </ul> | <ul style="list-style-type: none"> <li>Presentations were made to the CoJ Budget Steering Committee for Prioritisation of the CAPEX budget to major upgrades. The Council approved the 2024/25 revised budget for Johannesburg Social Housing Company on the 13th of March 2025.</li> <li>The current multiyear building conditional assessment report has expired, however a new budget request with a specific line item will be included in the 2025/26 FY.</li> <li>A total of 846 reactive maintenance tasks were completed across all JOSHCO properties during the quarter under review which are Plumbing, Electrical, and General jobs.</li> </ul> |

### **3.2. RISK OVERSIGHT**

The overall oversight role of risk management is vested with the Board of Directors in that the Board is required by Principle 11 of the King IV Report on Corporate Governance to govern risk in a way that supports the organisation in setting and achieving strategic objectives. To that end, each strategic objective is assessed to identify risks that threatens their achievement. In exercising the risk governance responsibility, the risk control implementation plans were assessed in the quarter.

The below reflects the results of the risk control strategies implemented in the quarter in aiding the achievement of objectives. Furthermore, an internal Operational Risk and Compliance Committee has continued to deliberate on the implementation of mitigation controls to ensure that the risks are managed and reduced.

The Risk and Compliance Unit within the Planning and Strategy Department monitors mitigation action plans aimed at managing strategic and operational risks towards acceptable residual risk levels. Furthermore, the unit engages with the respective risk owners for progress on implementation of mitigation actions on a continuous basis.

#### **Residual Risk Movement**

Below is the summary of the strategic residual risk rating movement assessed in Q3 for the FY 2024 – FY 2025:

- The monitoring process for Q3 indicate that all the strategic risks remained unchanged for the quarter under review.
- There is one (1) mitigation which was not implemented during the quarter under review (implementation of building conditional assessment), The current multiyear building conditional assessment report has expired, however a new budget request with a specific line item will be included in the 2025/26 FY.
- Based on the data reflected on the strategic risk register (Annexure A), the total proportion of actions taken to manage residual risk(s) in the control environment for the
- in the control environment for the quarter is (22/23) 96% compared to the quarterly target of 95%.









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

There were no emerging risks identified in Q3; however, the Risk and Compliance unit facilitated the development of the 2025/26 strategic risk register (with the Executive Management).

### **3.4 BUSINESS CONTINUITY**

The established Business Continuity Management Committee, which is chaired by the Executive Manager responsible for Planning and Strategy, and backed by the COO, CFO, and key management team, met during the month of March 2025, and key aspects of the approved BCP and testing were discussed in detail, as well as the Crisis Communication Plan, Emergency Evacuation Plan and the quarterly Disaster Recovery Testing Report. The committee convenes quarterly to discuss important matters related to business continuity and disaster recovery.

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

The quarterly activities as outlined on the Risk Management Implementation Plan such as undertaking departments operational risk assessment for 2024/25 FY has been achieved.

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

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

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

All reported fraud and corruption allegations are investigated by the City's Group Forensic and Investigation Services (GFIS) unit, with quarterly progress reports submitted to JOSHCO.

For the quarter under review:

Four (4) new cases were reported.

Nine (9) cases remain active.

The table below provides a detailed progress update from GFIS on all ongoing investigations.

**Table 9: GFIS Progress on Open Cases as of March 2025**

| GFIS No    | Date Registered | Allegation   | Status      |
|------------|-----------------|--|-------------|
| 12/11/2021 | 2021/11/12      | Alleged maladministration at JOSHCO, whereby a drama series was shot and aired on Channel 157 MOJA-LOVE, at the Roodepoort property without following the proper authorisation process of the location.  | In-progress |
| 39/12/2021 | 2021/12/15      | Alleged maladministration with regards to the appointment of the ICT Manager, in which the recruitment process was marred with gross irregularities.   | In-progress |
| 26/09/2022 | 2022/09/14      | Alleged fraud and corruption where there are fraudulent debit orders that are deducting from JOSHCO Standard bank account. The debit orders are deducted every month in respect of MFC (Vehicle), Tekkie town (Sneakers), Virgin Active (Gym), Truworthe and Sanlam. | In-progress |
| 23/10/2024 | 2024/10/22      | Allege fraud and corruption on the JOSHCO Commercial shops and outdoor advertising.  | In-progress |
| 29/10/2024 | 2024/10/28      | Alleged Fraud and corruption by JOSHCO Bookkeeper.   | In-progress |
| 9/01/2025  | 2025/01/27      | Alleged Fraud and Corruption in the selling of JOSCHO flats in Lufhereng imposing as a city employee for R3000.  | In-progress |
| 18/01/2025 | 2025/01/28      | Alleged Fraud and Corruption in Fraudulent of collecting money from approximately 40 occupants in 5 Vlakvoeltjie road Princess Roodepoort.   | In-progress |
| 9/02/2025  | 2025/02/17      | Alleged fraud regarding leasing of a Bachelor, 1 Bathroom Unit at Devland.   | In-progress |
| 29/02/2025 | 2025/02/28      | Alleged Cyber Crime in the Cloning of JOSHCO WhatsApp to redirect messages going to JOSHCO including payment made to JOSHCO to their accounts.   | In-progress |

**4.1 ANTI FRAUD & CORRUPTION CAMPAIGN**

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 Stakeholder Department, in collaboration with the Risk and Compliance Unit, Housing Management (Leasing and Revenue Unit), and the Occupational Health and Safety Unit, successfully conducted a tenant engagement at Abel Street on 8th March 2025

The Marketing and Communication Department partnered with the Risk and Compliance Unit and the Housing Management Department (Leasing Unit) and successfully carried out a mall activation awareness event at Devland Mall on the 12th and 13th March 2025.

On 14th March 2025, the Risk Unit, in collaboration with GFIS, successfully conducted an in-house training on anti-fraud and corruption during a staff meeting at JOSHCO Head Office. An internal fraud and corruption awareness alert was also issued through Marketing and Communications during the quarter under review.

The engagement and awareness sessions saw an excellent turnout and were both highly successful. The intended awareness was effectively created. Below are some of the pictures captured during the sessions

**SECTION 5: ICT GOVERNANCE.**

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

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

**Disaster Recovery**

JOSHCO has a Fully Managed Datacentre (FMDC) to ensure business continuity. All critical services of the organization are replicated to the DR site, ensuring that JOSHCO operations can continue even in the event of a disaster. A scheduled quarterly Disaster Recovery Test was successfully performed on March 14, 2025.

**Table 10: Scope of Work**

| No | Scope                             | Comment  |
|----|-----------------------------------|--|
| 1. | Critical Systems and Applications | 1 VM was identified and tested                 |
| 2. | Data Backup and Restoration       | Data on the DR site matches data in Production |



|    |  |  |
|----|--|--|
| 3. | Assessment of Recovery Time Objectives | Data verification testing conducted                          |
| 4. | Network                                | VM's in both sites are remotely accessible                   |
| 5. | Verification of Data Integrity         | VM's in both sites are functioning as expected               |
| 6. | Infrastructure Components              | DR site has sufficient resources                             |
| 7. | Access and Authentication              | Users with Admin rights performed parallel data verification |

### **Network Availability**

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

### **Patch Management**

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

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

All servers have received the monthly patches and up to date. All devices have received the monthly security patches, though not all have been installed, placing compliance at 87.29% of devices running the latest updates. The ICT team is attending the remaining devices to ensure at least 99% target.

### **Datacentre Uptime/Downtime**

On the 8th of March 2025, JOSHCO Head Office experienced a power outage due to cable theft at the Braamfontein Substation, with City Power reporting the outage at 13:28 PM. Additionally, Eskom implemented Stage 3 load-shedding from the 31st of January 2025 to the 2nd of February 2025, and again from the 7th of March 2025 to the 10th of March 2025. However, the ICT department was able to ensure operations continued with minimal impact, this is due to the installed UPS System which takes over when there is no power at the Head Office.

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

### Cybersecurity

JOSHCO ICT implemented SOPHOS Email Advanced, an email security product designed to ensure complete protection from cyber-attacks. With this measure in place, ICT can now guarantee the complete security of the organization and full compliance with the Minimum Information Security Standards.

During Quarter 3, JOSHCO did not encounter any cyber threats due to the hardened security measures currently in place. Information Security is actively monitoring the environment through various tools deployed on the infrastructure. However, there is a need to fill Information Security vacancies within the ICT department to ensure a continued stable environment.

### The ICT Policies

JOSHCO ICT presented the reviewed ICT policies at the ARC and Board meetings held in January 2025. The ICT policies were reviewed and subsequently approved by the Board.

### Vendor Portal

The JOSHCO Vendor Portal is an online platform developed for suppliers to interact with the JOSHCO. Through this portal, vendors can manage their accounts, submit necessary documents, and track the status of their transactions with JOSHCO.

**Risk Management App:** The Risk Management department collaborated with Business Process Management unit to analyse and enhance Risk Management processes. A Risk Management app has been developed to facilitate the capturing, tracking, and monitoring of JOSHCO's risk registers. Built on the Microsoft Power Platform, the system integrates with SharePoint and Planner, replacing the previously used Excel spreadsheets.

**Revenue Performance Report Dashboard:** The Revenue Performance Reporting Tool has been developed to effectively monitor and manage revenue collection and repair and maintenance activities. This dashboard provides a centralized, real-time view of the status of revenue collection and repair and maintenance efforts. The project is still in progress and is currently running in a development environment

**Table 11: Current and Future Projects**

| Project                       | End User Department | Status    |
|-------------------------------|---------------------|-----------|
| Maintenance Escalations       | Housing Management  | Completed |
| JOSHCO e-Leasing (JOSHCO APP) | Leasing             | Completed |
| System Center Service Manager | Entire Organisation | Completed |
| Customer Service Portal       | Customer Service    | Completed |

|                                 |                            |             |
|---------------------------------|----------------------------|-------------|
| Supplier Database Repository    | Supply Chain Management    | Completed   |
| Website Hosting                 | Marketing & Communications | In Progress |
| Revenue Performance Dashboard   | Revenue                    | In Progress |
| Sage Intacct Upgrade            | Finance                    | Completed   |
| Vendor Portal                   | Finance                    | Completed   |
| VoIP Migration                  | Entire Org                 | Completed   |
| Revenue Management Digital Tool | Revenue                    | Completed   |
| Risk Management App             | Risk Department            | Completed   |
| Performance Management Tool     | Learning & Development     | Completed   |
| Logging and Tracking System     | Stakeholder Management     | Completed   |
| Review of ICT Policies          | Entire Org                 | Completed   |

## SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

Compliance Management is a multifaceted discipline that ensures that an organisation complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements. JOSHCO uses the EXCLAIM! Compliance software to monitor compliance with relevant legislation. In addition to the use of EXCLAIM, other mechanisms such as compliance risk management plans are used to identify, assess and monitor JOSHCO's level of compliance with relevant regulatory requirements that form part of its operations.

As at the end of the fourth quarter, a total of twenty-eight (28) Acts and regulations were identified as being applicable to JOSHCO's operations and appear in the Regulatory Universe. We have seen 26 acts that have reached 100% compliance while 2 Acts are still not at 100% compliance. The current compliance for this Quarter stands at 99.64% against a target of 98%. In this quarter we have seen 2 acts reach 100% from last quarter.

The Basic Conditions of Employment Act, No. 75 of 1997 as well as the Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency

Levels act have reached 100% compliance. This is a significant increase indicating continued efforts by the organisation to comply to laws and legislation. We have seen only one act regress in this quarter, the POPIA Act, the non-conduction of personal information impact assessments has led to the regress in this quarter. Monitoring on the acts is conducted on a regular basis to ensure full compliance by the targeted period.

Equally, in this quarter we have seen improvement in the **Social Housing Act** and regulations where we are now in possession of all occupation certificates that were outstanding,

- JOSHCO is conditionally accredited in terms of SHRA classification of accredited Social Housing Companies.
- The current compliance status will be reviewed in June 2025.
- JOSHCO strives to comply with the SHRA reporting timelines as stipulated in the Circular 1 of 2024/25 (SHRA).
- Submissions for SHRA tool on KPIs for Q1, Q2 and Q3 were done.
- To ensure consistency with the reporting process, a task -team was established to ensure consistency and relevance of information reported to the Regulatory Authority.

The current cashflow challenges in the city and current JOSHCO deficit will keep the Municipal Finance **Management Act** below 100% compliance.



**Table 12: Action Plan showing of the five Assessed Legislations**

| Act Name                                 | Q1<br>%<br>Compliance | Q2<br>%<br>Compliance | Q3<br>%<br>Compliance | Comments on non-compliance  | Act Owner                 | Action Plans   | Progress to address non-compliance  | Period        | Status      |
|--|-----------------------|-----------------------|-----------------------|---|---------------------------|--|---|---------------|-------------|
| 1. Employment Equity Act, No. 55 of 1998 | 100%                  | 86%                   | 92%                   | <ul style="list-style-type: none"> <li>JOSHCO did not assign one or more Senior Managers to take responsibility for monitoring and implementing an Employment Equity Plan, provide the Managers with the authority and means to perform their functions and take reasonable steps to ensure that the Managers perform their functions.</li> </ul> | EM:<br>Corporate Services | <ul style="list-style-type: none"> <li>Appointment of an EE Champion to ensure implementation of the EE Act and execution of the requirement of Section 24 of the EE Act.</li> </ul> | <ul style="list-style-type: none"> <li>JOSHCO has assigned one to take responsibility for monitoring and implementing an Employment Equity Plan, provide the Managers with the authority and means to perform their functions and take reasonable steps to ensure that the Managers perform their functions.</li> </ul> | 31 March 2025 | Implemented |
|  |                       |                       |                       | <ul style="list-style-type: none"> <li>JOSHCO did not display a notice at the workplace in the</li> </ul>   |                           |  | <ul style="list-style-type: none"> <li>JOSHCO to ensure that an EE notice is</li> </ul>   | 31 March 2025 | In-Progress |

| Act Name  | Q1 % Compliance | Q2 % Compliance | Q3 % Compliance | Comments on non-compliance  | Act Owner              | Action Plans   | Progress to address non-compliance   | Period        | Status      |
|---|-----------------|-----------------|-----------------|---|------------------------|--|--|---------------|-------------|
|   |                 |                 |                 | prescribed form, informing Employees about the provisions of this Act.  |                        | displayed in its offices.  | procuring display notices.   |               |             |
| 2. Basic Conditions of Employment Act, No. 75 of 1997   | 100%            | 96%             | 100%            | <ul style="list-style-type: none"> <li>JOSHCO does not ensure that paternity leave is provided in accordance with the Act.</li> </ul>   | EM: Corporate Services | <ul style="list-style-type: none"> <li>Ensure that the company comply with the provisions of Section 25A of the EE Act.</li> </ul> | <ul style="list-style-type: none"> <li>Provision is made in the Conditions of Service within the HR Policies and Procedures document.</li> </ul>           | 31 March 2025 | Implemented |
| 3. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels | 76.5%           | 93%             | 100%            | <ul style="list-style-type: none"> <li>The variance relates to the requirement for senior managers, supply chain manager, and officials to meet competency levels for financial and supply chain management.</li> </ul> | EM Corporate Services  | <ul style="list-style-type: none"> <li>All newly appointed executives be enrolled in the program.</li> </ul>                       | <ul style="list-style-type: none"> <li>SCM officials have attended the MFMA training, and it is an Ongoing process for newly appointed manager.</li> </ul> | 31 March 2025 | Implemented |

| Act Name   | Q1 % Compliance | Q2 % Compliance | Q3 % Compliance | Comments on non-compliance   | Act Owner                | Action Plans   | Progress to address non-compliance  | Period        | Status      |
|--|-----------------|-----------------|-----------------|--|--------------------------|--|---|---------------|-------------|
| 4. Local Government Municipal Finance Management Act, No. 56 of 2003 | 93.5%           | 100%            | 100%            | <ul style="list-style-type: none"> <li>The Company does not comply with Section 65(2)(e) of the MFMA which specify that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.</li> </ul> | Chief Financial Officer  | <ul style="list-style-type: none"> <li>The accounting officer for the purposes of Subsection (1) of MFMA take all reasonable steps to ensure that Section 65(2) is complied with.</li> </ul> | <ul style="list-style-type: none"> <li>Review existing policies and procedures to ensure they align with the MFMA's requirements and promote timely payment practices.</li> </ul> | 31 March 2025 | In-progress |
| 5. Social Housing Act, No.16 of 2008                                 | 93.5%           | 98%             | 98%             | <ul style="list-style-type: none"> <li>The institution did not submit to the Regulatory Authority for approval a corporate governance policy which includes the required information.</li> </ul>   | Chief Operations Officer | <ul style="list-style-type: none"> <li>The institution to submit to SHRA for approval of corporate governance policy (Property)</li> </ul>   | <ul style="list-style-type: none"> <li>The governance policy (Property Management Policies) was submitted to SHRA.</li> </ul>   | 30 June 2025  | Implemented |

| Act Name | Q1<br>%<br>Compliance | Q2<br>%<br>Compliance | Q3<br>%<br>Compliance | Comments on non-compliance | Act Owner | Action Plans          | Progress to address non-compliance | Period | Status |
|----------|-----------------------|-----------------------|-----------------------|----------------------------|-----------|-----------------------|------------------------------------|--------|--------|
|          |                       |                       |                       |                            |           | Management Policies). |                                    |        |        |



# CHAPTER 3

## SERVICE DELIVERY PERFORMANCE

## SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

- In relation to Housing Development, during the quarter under review, 103 units at Abel Road Phase 1 are at 99% of completion stage.
- In the quarter under review, the Occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above for the Q3.
- In support of EPWP and SMMEs, during the quarter under review, a total of 219 EPWP work opportunities were created against a target of 250 and year-to-date performance is at 867 jobs created against annual target of 1000.
- Under Governance- the entity resolved a total of 89% of internal audit findings against a quarterly target of 75% and 96% of risk action plans were implemented during the quarter.
- In the third quarter, the company met all seven of its Service Level Standard KPIs.

## SECTION 2: SERVICE DELIVERY CHALLENGES

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

- Higher interest accumulated from entity deficit.
- Continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utilities, finance costs and repairs and maintenance costs.
- Debt owed to JOSHCO by other City Departments and Entities
- **Delayed Payments to SMMEs and Local Labour:** Contractors' delayed payments to SMMEs and community-based labourers have led to community-led site closures and disruptions.
- **Statutory Approval Delays:** Submissions made to various City entities have experienced delays in approvals, affecting project timelines and expenditure.
- Lower than targeted **rental collection**.

## SECTION 3: RESPONSE TO STRATEGIC DIRECTION AS AT 31 MARCH 2025

**Table 13: JOSHCO's Response to Strategic Direction**

| Mayoral Priorities              | JOSHCO Strategic Objectives  | JOSHCO Strategic Outcome in Q3  |
|---------------------------------|--|---|
| 1. Sustainable Service Delivery | <ul style="list-style-type: none"><li>• To be a smart and capable entity</li></ul> | <ul style="list-style-type: none"><li>• Attainment of all SLSS</li><li>• Well maintained and clean JOSHCO properties</li><li>• Continuous engagement with SHRA's to ensure we are compliant to the regulator.</li></ul> |



| Mayoral Priorities              | JOSHCO Strategic Objectives  | JOSHCO Strategic Outcome in Q3  |
|---------------------------------|--|---|
| 2. Sustainable service delivery | <ul style="list-style-type: none"> <li>• Develop &amp; manage social housing and student accommodation</li> <li>• Develop &amp; manage affordable rental housing</li> <li>• Implement housing development projects for the CoJ</li> <li>• Provide assigned municipal services</li> </ul> | <ul style="list-style-type: none"> <li>• On track to deliver social housing and affordable housing units across the City</li> <li>• Development of student accommodation precinct</li> <li>• Preserved and well-maintained buildings that meet acceptable living conditions</li> </ul>  |
| 3. Financial sustainability     | <ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>   | <ul style="list-style-type: none"> <li>• A solvent company by end of 2024/25 FY</li> <li>• Improved revenue collection</li> <li>• Diversification of revenue stream (outdoor advertising, management fee, other mechanisms)</li> <li>• An unqualified Audit Opinion</li> <li>• Effective and efficient business processes</li> <li>• Improved tenant satisfaction, through proactive tenant education and engagement programme</li> <li>• Customer satisfaction targets achieved and improved</li> <li>• Improved visibility of JOSHCO brand</li> </ul> |
| 4. A Smart City                 | <ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>   | <ul style="list-style-type: none"> <li>• Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (Including alternative energy solutions and rainwater harvesting)</li> <li>• Improved application and leasing processes, supported by automation of processes launched</li> <li>• Seamless business continuity supported, through effective backup and disaster recovery systems</li> </ul>   |

#### SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

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

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

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

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

**Table 14: Service Level Standard (SLS) Performance as at 31 March 2025.**

| Core Service                             | Service Level Standard Target  | January 2025 | February 2025 | March 2025 | Quarter 3 | Variance explanation | Mitigations |
|--|--|--------------|---------------|------------|-----------|----------------------|-------------|
| 1. Billing of customers                  | 98% accurate bills of all active customers                             | 99%          | 98%           | 100%       | 99%       | None                 | None        |
| 2. Attending to request for maintainance | 96% of maintenance requests attended within 14 days of the logged call | 99%          | 99%           | 100%       | 99,3%     | None                 | None        |
| 3. Routine building maintenance          | Once per year and as when required                                     | 100%         | 100%          | 100%       | 100%      | None                 |             |
| 4. Application for rental housing        | Outcome of enquiry to be sent to application within 5 days             | 1 day        | 1 day         | 2 days     | 1 day     | None                 | None        |
| 5. Application for rental housing        | Outcome of the application communicated within 10 working days         | 3 days       | 2 days        | 2 days     | 2 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        |



## SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2024–2025 business plan includes 18 key performance metrics and targets. 9 of the 15 targets that were due for reporting during the quarter were met. This outcome amounts to a performance for the quarter of 60%.

| Performance Targets      | Targets |
|--------------------------|---------|
| Total Annual Targets     | 18      |
| Applicable targets in Q3 | 15      |
| Targets achieved         | 9       |
| Targets not achieved     | 6       |
| Not due for reporting    | 3       |

### Legend:

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

**Table 15: Performance Against Predetermined Objectives as at 31 MARCH 2025**

| Key Performance Area | KPI NO. | Key Performance Indicator                                  | Annual Target 2024/25   | Q3 Target | Q3 Actual | Variance | Reasons for Underachievement and Remedial Action |
|----------------------|---------|--|---|-----------|-----------|----------|--|
| Financial Stability  | 1       | Current Ratio  | Current ratio 1:1   | 1:1       | 0:41:1    | -1:59:1  | Refers to chapter 5, section 5.1.                |
|                      | 2       | Solvency Ratio   | Solvency Ratio 1:1  | 1:1       | 0:43:1    | -1:57:1  |  |
|                      | 3       | % Collection in respect of current debtors                 | 80% collection in respect of current debtors                  | 80%       | 67%       | -13%     |  |
|                      | 4       | % Of valid invoices paid within 30 days of invoice receipt | 100% of valid invoices paid within 30 days of invoice receipt | 100%      | 37%       | -63%     | Target Not Achieved                              |
|                      | 5       | Number of SMME's supported                                 | 30 SMME's   | -         | Not due   | N/A      | N/A  |
|                      | 6       | Percentage of expenditure of approved capital budget       | 100% expenditure of approved capital budget                   | 75%       | 60%       | -15%     | Target Not Achieved                              |
| Good Governance      | 7       | Percentage resolution of internal audit findings           | 100% resolution of Internal Audit findings (cumulative)       | 75%       | 89%       | +14%     | Target Achieved                                  |
|                      | 8       | % Resolution of AGSA findings                              | 100% resolution of AGSA findings                              | 50%       | 16%       | -34%     | Target not Achieved                              |
|                      | 9       | Level of audit opinion                                     | Unqualified audit opinion                                     | -         | Not Due   | N/A      | Target not due for the quarter                   |
|                      | 10      | Percentage compliance to Laws and regulation               | 98% compliance to laws and regulation                         | 98%       | 99.54%    | +1.54    | Target Achieved                                  |

| Key Performance Area              | KPI NO. | Key Performance Indicator   | Annual Target 2024/25  | Q3 Target | Q3 Actual | Variance | Reasons for Underachievement and Remedial Action  |
|-----------------------------------|---------|---|--|-----------|-----------|----------|---|
|                                   | 11      | Percentage Implementation of corrective action against identified risks         | 95% Implementation of corrective action against the identified risks | 95%       | 96%       | +1       | Target Achieved   |
| Personnel Vacancy Rate Smart City | 12      | % Employee vacancy rate   | 10% employee vacancy rate  | 10%       | 8.45%     | 1.55%    | Target Achieved   |
|                                   | 13      | Number of digitisation initiatives completed                                    | 8 Digitisation initiatives completed                                 | 2         | 2         | 0        | Target Achieved   |
| Job Opportunity and Creation      | 14      | Number of jobs created for the unemployed through EPWP programmes               | 1000 Jobs  | 250       | 867       | +117     | Target Achieved.<br>The year-to-date performance is at 867 against annual target of 1000. |
| Sustainable Service Delivery      | 15      | No. of social housing units completed   | 556 housing units completed  | -         | Not Due   | N/A      | Works in progress. No set target numbers for Quarter 3                                    |
|                                   | 16      | % Occupancy rate across all JOSHCO rental units                                 | 98% occupancy rate   | 98%       | 98%       | 0        | Target Achieved   |
|                                   | 17      | % Achievement of service standards  | 100% Achievement of service standards                                | 100%      | 100%      | 0        | Target Achieved   |
|                                   | 18      | Number of community-based initiatives implemented through Community Development | 4  | 1         | 1         | 0        | Target Achieved   |

## **5.1 PROJECT PERFORMANCE**

Our capital projects are divided into 2 programs: **Inner-City** and **Greenfields** programs and are further divided into 2 major milestones: **Planning** and **Implementation**. Planning runs from inception to pre-tender stage and implementation from tender stage to project close out. Below are details of start and completion dates of various projects, as well as their performance. The start and completion dates of the projects are in line with the signed Development Agreement or JBCC of the project.

It should be noted that, depending on the outcome of Extension of Time claims submitted by main Contractors, the dates may be amended if the claim is awarded with or without cost, depending on the incident the main Contractor is claiming against. The adjudication of whether to award extension of time claim (with or without cost) is concluded by independent Project Managers, Principal Agents or Review Consultants working with Quantity Surveyors and recommendations are made to JOSHCO.

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

### **5.1.1. PERFORMANCE SUMMARY**

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

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

#### **ABEL ROAD CONVERSION PHASE 1**

**Start date:** 01 July 2023 **Anticipated Completion Date:** 31 March 2025

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



No units expected 2024/2025: 103- units phase 1.

Budget allocated this FY: R0

| Monitoring Tool   | JANUARY | FEBRUARY       | MARCH |
|-------------------|---------|----------------|-------|
| Capex Expenditure | Nil     | R1 909 713, 92 | Nil   |
| SMME Expenditure  | N/A     | N/A            | N/A   |
| *Project Progress | 99%     | 99%            | 99%   |

**Comments on Project Performance:** All construction activities have been completed inclusive of snagged and de-snagged. Practical Completion has been obtained.

The outstanding Town Planning applications for consolidation and parking relaxation were submitted. The consolidation application is awaiting JRA comments prior to it being finalised. Once the applications have been approved, the building plans will be submitted for approval and subsequently the issuing of Occupation.

#### **106 CLAIM STREET SOCIAL HOUSING PROJECT**

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

Area or location: 106 Claim Street, Hillbrow

No units expected 2024/2025: 80 units

Budget allocated this FY: Nil

| Monitoring Tool   | JANUARY | FEBRUARY | MARCH |
|-------------------|---------|----------|-------|
| Capex Expenditure | Nil     | Nil      | Nil   |
| SMME Expenditure  | N/A     | N/A      | N/A   |
| Project Progress  | 99%     | 99%      | 100%  |

**Comments on Project Performance:** Construction works were successfully completed in the previous financial year. The Occupation Certificate has been received from the Chief Building Inspector.

The project has been identified for the relocation of residents currently residing in the City of Johannesburg's bad buildings. As part of the City's bad building initiative, the tenants have undergone JOSHCO tenant screening. Partial tenanting has been done and awaiting the next phase of the bad building relocation to accommodate qualifying tenants.

### **NEDERBERG STUDENT ACCOMMODATION**

**Start Date:** 25 July 2023 & Anticipated Completion Date: 11 April 2025

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

**No units expected 2024/2025:** 60 units

**Budget allocated this FY:** R0

| Monitoring Tool   | JANUARY      | FEBRUARY | MARCH        |
|-------------------|--------------|----------|--------------|
| Capex Expenditure | R 330 403,67 | N/A      | R 373 627,51 |
| SMME Expenditure  | N/A          | N/A      | Nil          |
| Project Progress  | 90%          | 90%      | 90%          |

**Comments on Project Performance:** Building works have been completed with the contractor currently working on snags, peripheral painting and landscaping of the outside common area. Installation of internal finishes and furniture has been finalised. Electrical works completed, fire equipment's installed and serviced, water commissioning completed with the boiler commissioned as well for hot water. Awaiting the commissioning and the approval of the fire drawings.

The enrolment of the project with NSFAS and universities is underway. The enrolment to be finalised once the Occupation certificate has been obtained.

### **3.1.2 PROJECTS UNDER IMPLEMENTATION: GREENFIELDS**

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

**Start Date:** 4 May 2021 & Anticipated Completion Date: TBA

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

**No units expected 2024/2025:** 372

**Budget allocated this FY:** R55 000 000,00

| Monitoring Tool   | JANUARY | FEBRUARY | MARCH |
|-------------------|---------|----------|-------|
| Capex Expenditure | R0      | R0       | R0    |
| SMME Expenditure  | R0      | R0       | R0    |
| Project Progress  | 90%     | 90%      | 90%   |

**Comments on Project Performance:** There has been no construction works onsite as a mutual agreement of termination was reached with the previous contractor. A new contractor has been appointed with the project kick-off meeting held on the 24<sup>th</sup> of March 2025. The application of construction permits with the Ministry of Labour and the enrolment of the units with NHBRC underway as this will permit the commencement of construction works onsite.

The projected commencement of construction anticipated to be in mid-April 2025. The contractor has been requested to submit the project programme that will inform the anticipated completion date for the project.

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

**Start date:** 14 November 2022 & **Anticipated Completion date:** 31 October 2025

**Area or location:** Devland

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

**Budget allocated this FY:** R 40 000 000,00

| <b>Monitoring Tool</b>   | <b>JANUARY</b> | <b>FEBRUARY</b> | <b>MARCH</b>   |
|--------------------------|----------------|-----------------|----------------|
| <b>Capex Expenditure</b> | R 1 005 838,18 | R0              | R 2 592 398,17 |
| <b>SMME Expenditure</b>  | R 281 802.81   | R0              | R 372 998,81   |
| <b>Project Progress</b>  | 17%            | 19.4%           | 19.4%          |

**Comments on Project Performance:** Due to non-payment issues of interim payment certificates, progress onsite has been slow. The construction for the water pressure is currently underway with the contractor 75 % complete. The contractor has ordered the specialist for installing the pump to complete the works. The works is anticipated to be completed by the end of March 2025.

The Township Establishment for the proposed development was initially approved in September 2018 with prescribed conditions that needed to be fulfilled. Due to this condition not being fulfilled within the stipulated timelines, a reapplication process has commenced and a Town Planner has been appointed for this process.

### **RIVERSIDE VIEW SOCIAL HOUSING (Phase 3)**

**Start:** 1 November 2023 & **Project Completed.**

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

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

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

| Monitoring Tool   | October       | November | December |
|-------------------|---------------|----------|----------|
| Capex Expenditure | R6 591 112,43 | R0       | R0       |
| SMME Expenditure  |               | R0       | R0       |
| Project Progress  | 98%           | 99%      | 100%     |

Comments on Project Performance: 184 units have been completed for Phase 3 with the Occupation Certificate obtained. The project has been launched and ready for tenanting.

### **Phase Four**

Phase 4 will yield a total of 744 units and the project is ready to commence for implementation. 500 units have been enrolled with NHBRC. The balance to be enrolled once the payment certificate has been received. The SDP's and Building plans for three sites Erf's [2569; 2634; 2869] have been approved. Erf 4197 awaiting approval on the SDP and Building plans due to the stormwater management plan review outcome and submission outcome of the fire rational plans. Commencement of construction works anticipated to start in April 2025.

## **5.1.3. PROJECTS UNDER PLANNING STAGE**

### **RANDBURG SELKIRK**

| Ref | Description    | Amount      |
|-----|----------------|-------------|
| 1   | Capital budget | R40 000 000 |

A contractor has been appointed with the project kick-off meeting held on the 25<sup>th</sup> of March 2025. The application of construction permits with the Ministry of Labour and the enrolment of the units with NHBRC underway as this will permit the commencement of construction works onsite. The projected commencement of construction anticipated to be in April 2025. The contractor has been requested to submit the project programme that will inform the anticipated completion date for the

project. The contractor to expedite the construction of the required bulk sewer pipeline for the project.

#### **RIVONIA /EDENBURG TURNKEY**

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

The property transfer has been completed with the title deed registered under JOSHCO. The professional team has been appointed for the development designs which will be in line with the existing land use rights. The professional team to finalize the outstanding applications which are inclusive of the Site Development and Building Plans.

#### **DENVER EXTENSION 20 (JEPPESTOWN)**

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

CoJ LUM is currently awaiting revised consolidated comments from EISD. EISD comments are still outstanding, awaiting the EA report. Once the consolidated comments have been issued to CoJ Land Use Management, the rezoning application will be finalized.

The Environmental Infrastructure and Service Department (EISD) requested that an application be submitted to the National Nuclear Regulator for comments before they can provide us with their own comments. The application for National Nuclear Regulator has been approved. DMRE has requested additional studies to be done for slime dams next to the development. The phase 2 NNR Report has been submitted. NNR's comment on phase 2 are to be addressed.

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

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

Amended comments from Johannesburg Water have been received regarding the application made The Township Establishment has been approved by COJ: Development Planning together with the submitted applications for Division of Land and Road Closure. These approvals mark a



significant milestone in the development process, allowing us to proceed with the submission of the Site Development Plan and the Building Plans.

The professional team has conducted the phase 2 geotechnical study, and the report is underway.

#### **KELVIN SOCIAL HOUSING PROJECT**

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

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

Comments from the various Municipal Owned Entities have been received. The Stormwater Management Report and Outline Scheme Report have been submitted to Johannesburg Roads Agency (JRA) and awaiting approval. Once comments have been received from JRA.

Once the JRA comments are received, we will await the amended comments from Technical Coordination. This will enable COJ: Development Planning to proceed with the application submission to the Municipal Planning Tribunal for consideration.

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

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

A rezoning application is going to be presented to the Municipal Planning Tribunal for a decision due to objections received. City Power has indicated that they currently do not have capacity until 2029. An electrical report was done by the professional team highlighting that implementation of an alternative energy solutions would incur significant costs. There are ongoing discussions with City Power to explore possible solutions and awaiting their final feedback/outcome.

We are awaiting the approval of the Traffic Impact Assessment (TIA) report, Stormwater Management Report, and Outline Scheme Report submitted to Johannesburg Roads Agency (JRA).

#### **MARLBORO SOCIAL HOUSING PROJECT**

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

An enquiry was submitted to Development Planning to confirm whether "Special" zoning permits residential buildings and if any density limitations apply. The letter of approval from Development Planning confirmed that "Special" zoning does permit residential development, with density limitations being at the discretion of the local authority based on the property's intended use and control measures.

Approvals have been received for the submitted subdivision application from all municipal owned entities and awaiting final approval from COJ: Development Planning. Once approved, the Site Development Plan (SDP) and Building Plans will be submitted for review and approval.

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

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

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

The scope of work was changed in April 2024. The professional team was instructed to amend the proposed skills development centre to Social Housing. A letter for a change of scope had been prepared and approved by the office of the Acting COO.

#### **PARK CHAMBERS PRECINCT**

| Ref | Description | Amount |
|-----|-------------|--------|
|-----|-------------|--------|

|   |   |             |
|---|---|-------------|
| 1 | Capital budget allocation for 2024/2025 | R10 000 000 |
|---|---|-------------|

JOSHCO and Department of Human Settlement entered into a partnership for the development precinct which will be a mixture of housing typologies. The Professional Team has submitted the Stage 3 – design development - for approval as per the revised scope. The designs have been presented to the office of the Acting COO for approval.

#### **LUFHERENG PHASE 2.**

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

The project is estimated to yield a total of 552 units. The stormwater management report was reviewed by the Johannesburg Roads Agency, and all requested amendments have been made. The revised report is now being resubmitted to the JRA for their final review and approval.

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

| Ref | Description                             | Amount      |
|-----|---|-------------|
| 1   | Capital budget allocation for 2024/2025 | R30 000 000 |

The Building Plans have been approved. The contractor was appointed and the site handover to the contractor in January 2025. Site establishment and clearance/demolishing works onsite have commenced. The contractor has indicated that there is a safety hazard if they proceed with works onsite due to the operating commercial tenants onsite. JOSHCO legal and Housing Management teams are reviewing the signed agreements with tenants to proposed possible solutions on a way forward.

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

| Ref | Description                             | Amount      |
|-----|---|-------------|
| 1   | Capital budget allocation for 2024/2025 | R10 000 000 |

The Site Development Plan has been approved whilst Building Plans are currently awaiting approval.

The tender documentation, specifications and drawings for the appointment of a contractor are ready for tender advertisement. The appointment of the contractor is anticipated to commence in the next financial year due to budget constraints in the current FY.

#### **5.1.4. SHRA CCG FUND APPLICATIONS**

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

- 50 Durban Street – 102 units
- Abel Street – Phase 2 – 107 units
- Denver Extension 20 – proposed 1041 units
- Lufhereng Phase 1 (347 of 497 is currently funded) – remaining 60 of 407 units.

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

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

##### **Progress:**

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

**Dobsonville:** The owner of an encroaching structure and JOSHCO had reached an agreement. The demolition of encroaching structure is expected to be carried out before the end of January 2025.

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

The consolidation application has been submitted and can only be approved once the registration of Erf 195 and 196 Haddon Extension 2 is complete. JOSHCO is currently finalizing the registration of these erven. Once the registration process is completed and approved, the Building Inspector will be able to issue an Occupation Certificate (OC) for the consolidated erf.

To finalize the township establishment, JOSHCO must submit the construction works costs. These costs will be used to calculate the required contributions to the City, allowing the township establishment process to be concluded.

## **5.2 HOUSING MANAGEMENT.**

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

### **Building Repairs and Maintenance: Focused interventions**

Building repairs and maintenance has two (2) focus areas i.e. unplanned and planned maintenance. Unplanned maintenance (reactive) comprises of daily complaints reported by tenants and common area challenges observed by the Property Supervisor. Planned maintenance is a forward-looking exercise in which the wellbeing of the property is budgeted for during a specific financial year to avoid deterioration of the property and to comply with the OHS Act. Implementation of planned maintenance reduces property deterioration and daily costs.

During Q3 of the 2024/2025 FY, Housing Management re-evaluated the Building Conditional Assessment (BCA) report undertaken by a panel of outsourced experts during the 2022/2023 financial year and concluded that the annual maintenance budget was extremely insufficient. Recommendations of the attached Building conditional assessment report indicated that JOSHCO properties were in an advanced state of deterioration. Consequently, the bulk of the maintenance issues experienced are bound to be repetitive in nature due to the root causes of the issues not being comprehensively attended to or brought to finality.

Management utilised the cost per unit average of R950 unit per month to determine the total annual budget for unplanned maintenance and the BCA recommended amount to determine planned maintenance budget. A concise allocation of cost centres was also developed to enable expenditure monitoring per item and avoid clustering all items as Repairs & maintenance (see table below). These interventions are aimed at avoiding under budgeting which inevitably would result in over expenditure by default.



## 5.2 MAINTENANCE.

Maintenance is a broad term referring to building repairs (planned & unplanned); OHS equipment servicing, cleaning common areas; grass cutting in common areas, fumigation, supply of materials and PPE as well as keeping lifts in working order. As explained in the table above, each aspect of maintenance has been isolated as a stand-alone cost item to monitor expenditure more effectively. Towards the end of 2024/25: Q3 there was an issue of over expenditure raised for Repairs and Maintenance. The response was to design the table above which when read in conjunction with the comment on table 5.3.1 below, highlights the current and proposed expenditure situations for maintenance.

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

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

| Budget Item             | 2024/25 FY Budget | Comments  |
|-------------------------|-------------------|---|
| Revenue (Rental Income) | R146 750 000      | A number of initiatives are being put in place to ensure increased rental collection.   |
| Repairs and Maintenance | R70 539 000       | This budget is insufficient to cater for the needs of the 36 properties JOSHCO has. The high reactive maintenance expenditure is caused by the aging infrastructure that requires major upgrades and refurbishments in some properties. The building conditional assessment states that JOSHCO needs 170 million to properly maintain its properties.         |
| Security                | R2 138 000        | The allocated budget will not allow the full completion of the Biometric systems for the remaining properties. The estimated budget was 70 million.   |
| Utilities               | R31 267 805       | This is primarily due to the absence of an in-house utility management unit that would ensure consumption-based billing across all facilities. While most properties utilize prepaid electricity, water is billed at standard rates. The city referral projects lacking prepaid systems for both electricity and water significantly impact the overall bill. |

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

## PORTFOLIO A

**Table 16: Unplanned Maintenance**

| PORTFOLIO<br>C SLS | MAINTENANCE CATEGORIES |            |           |                            | Turnaround Time:           |                |                  |
|--------------------|------------------------|------------|-----------|----------------------------|----------------------------|----------------|------------------|
|                    |                        |            |           |                            | Target: 96% within 14 Days |                |                  |
| Property           | Plumbing               | Electrical | General   | Total reported. complaints | Within 14 days             | Beyond 14 days | Target %Achieved |
| AA House           | 4                      | 3          | 25        | 32                         | 32                         | 0              | 100%             |
| African Diamond    | 2                      | 0          | 1         | 3                          | 3                          | 0              | 100%             |
| Devland            | 2                      | 2          | 8         | 12                         | 12                         | 0              | 100%             |
| Europa House       | 5                      | 1          | 1         | 7                          | 7                          | 0              | 100%             |
| Hoek Street        | 11                     | 2          | 6         | 19                         | 19                         | 0              | 100%             |
| Raschers           | 2                      | 0          | 15        | 17                         | 17                         | 0              | 100%             |
| La rosabel         | 0                      | 0          | 0         | 0                          | 0                          | 0              | 100%             |
| Textile building   | 3                      | 2          | 0         | 5                          | 5                          | 0              | 100%             |
| <b>TOTAL JOBS</b>  | <b>24</b>              | <b>8</b>   | <b>44</b> | <b>76</b>                  | <b>76</b>                  | <b>0</b>       | <b>100%</b>      |

For the Q3 draft, there was a total of 76 reactive maintenance jobs that were logged for Portfolio A. The actual achieved response rate remained at 100% for jobs logged and completed within 14 days and is higher than the SLS target of 96%. The total cost of reactive maintenance for the month of March R674 686.73 was spent on reactive maintenance for the properties in Portfolio A.

## PORTFOLIO B

**Table 17: Unplanned Maintenance**

| PORTFOLIO C SLS   | MAINTENANCE CATEGORIES |            |         |                            | Turnaround Time:           |                |                  |
|-------------------|------------------------|------------|---------|----------------------------|----------------------------|----------------|------------------|
|                   |                        |            |         |                            | Target: 96% within 14 Days |                |                  |
| Property          | Plumbing               | Electrical | General | Total reported. complaints | Within 14 days             | Beyond 14 days | Target %Achieved |
| Bellavista Infill | 6                      | 0          | 8       | 14                         | 14                         | 0              | 100%             |

|                           |         |            |           |           |            |            |          |             |
|---------------------------|---------|------------|-----------|-----------|------------|------------|----------|-------------|
| Bellavista Court          | Citrine | 3          | 2         | 2         | 7          | 7          | 0        | 100%        |
| Kliptown Square           |         | 11         | 2         | 4         | 17         | 17         | 0        | 100%        |
| Kliptown Golf Course      |         | 11         | 2         | 4         | 17         | 17         | 0        | 100%        |
| Phoenix House             |         | 5          | 4         | 7         | 16         | 16         | 0        | 100%        |
| Turfontein                |         | 26         | 7         | 15        | 48         | 76         | 0        | 100%        |
| Orlando Flats/Family Unit | Ekhaya  | 16         | 0         | 27        | 43         | 29         | 0        | 100%        |
| Lefhureng                 |         | 35         | 14        | 27        | 76         | 73         | 0        | 100%        |
| <b>TOTAL</b>              |         | <b>113</b> | <b>31</b> | <b>94</b> | <b>238</b> | <b>280</b> | <b>0</b> | <b>100%</b> |

For the Q3 draft, there was a total of **280** jobs under reactive maintenance jobs that were logged for Portfolio B. The actual achieved response rate was 100% for jobs logged and completed within 14 days and is higher than the SLS target of 96%. A total of **R495 215.40** was spent on maintenance for Portfolio B.

#### PORTFOLIO C

Table 18: Unplanned Maintenance

| PORTFOLIO C<br>SLS   | MAINTENANCE CATEGORIES |            |            |                           | Turnaround Time:<br>Target: 96% within 14 Days |                |                  |
|----------------------|------------------------|------------|------------|---------------------------|--|----------------|------------------|
| Property             | Plumbing               | Electrical | General    | Total reported complaints | Within 14 days                                 | Beyond 14 days | Target %Achieved |
| Dobsonville          | 50                     | 7          | 25         | 83                        | 83   | 0              | 100%             |
| Fleurhof Junction    | 46                     | 9          | 31         | 87                        | 87   | 0              | 100%             |
| Pennyville Communal  | 21                     | 3          | 13         | 38                        | 38   | 0              | 100%             |
| Pennyville Flats     | 11                     | 1          | 10         | 22                        | 22   | 0              | 100%             |
| Tshedzani Roodepoort | 75                     | 13         | 35         | 122                       | 122  | 0              | 100%             |
| <b>TOTAL JOBS</b>    | <b>203</b>             | <b>33</b>  | <b>114</b> | <b>352</b>                | <b>352</b>                                     | <b>0</b>       | <b>100%</b>      |

For the Q3 draft, there was a total of **352** jobs under reactive maintenance jobs that were logged for Portfolio C. The actual achieved response rate is 99% for jobs logged and completed within 14 days and is higher than the SLS target of 96% - only 2 jobs were outside the 14-day mark. A total **R709 677.28** was spent on reactive maintenance

#### PORTFOLIO D

Table 19: Unplanned Maintenance

| PORTFOLIO D<br>SLS    |           |            |           | MAINTENANCE CATEGORIES    |                | Turnaround Time:<br>Target: 96% within 14 Days |             |
|-----------------------|-----------|------------|-----------|---------------------------|----------------|--|-------------|
| Property              | Plumbing  | Electrical | General   | Total reported complaints | Within 14 days | Beyond 14 days                                 | Achieved%   |
| City Deep Greenfields | 0         | 0          | 7         | 7                         | 7              | 0  | 100%        |
| Ekhaya Gardens        | 8         | 2          | 6         | 16                        | 16             | 0  | 100%        |
| Fleurhof riverside    | 6         | 0          | 3         | 9                         | 9              | 0  | 100%        |
| Legae                 | 2         | 0          | 8         | 10                        | 10             | 0  | 100%        |
| Riverside             | 0         | 1          | 0         | 1                         | 1              | 0  | 100%        |
| <b>Total</b>          | <b>16</b> | <b>3</b>   | <b>24</b> | <b>43</b>                 | <b>43</b>      | <b>0</b>                                       | <b>100%</b> |

For the Q3 draft, there was a total of **43** jobs under reactive maintenance jobs that were logged for Portfolio D. The actual achieved response rate is 100% for jobs logged and completed within 14 days and is higher than the SLS target of 96%. A total of **R753 888.72** was spent on reactive maintenance for the properties in Portfolio D and excludes the City-Referral stock that is to be moved back to Human Settlements of which did not have any planned maintenance budget.

## PORTFOLIO E

Table 20: Unplanned Maintenance

| PORTFOLIO E<br>SLS      | MAINTENANCE CATEGORIES |            |           |                           | Turnaround Time: Target: 96% within 14 Days |                |                  |
|-------------------------|------------------------|------------|-----------|---------------------------|---|----------------|------------------|
| Property                | Plumbing               | Electrical | General   | Total reported complaints | Within 14 days                              | Beyond 14 days | Target %Achieved |
| Union Square            | 35                     | 30         | 30        | 95                        | 95  | 0              | 100%             |
| The Ridge (Abel street) | 18                     | 7          | 17        | 42                        | 42  | 0              | 100%             |
| 106 Claim               | 0                      | 0          | 0         | 0                         | 0   | 0              | 100%             |
| <b>TOTAL</b>            | <b>53</b>              | <b>37</b>  | <b>47</b> | <b>137</b>                | <b>137</b>                                  | <b>0</b>       | <b>100%</b>      |

For the Q3 draft, there was a total of **137** jobs under reactive maintenance jobs that were logged for Portfolio E. The actual achieved response rate is 100% for jobs logged and completed within 14 days and is higher than the SLS target of 96%. A total of

**R1 136 418.02** was spent on reactive maintenance for properties in Portfolio E.

## SLS Q3 Summary

**Table 21: Summary of Unplanned Maintenance for all Portfolios**

| SUMMARY OF<br>SLS FOR ALL<br>PORTFOLIOS DEC | MAINTENANCE CATEGORIES |          |            |         |
|---|------------------------|----------|------------|---------|
|   | Property               | Plumbing | Electrical | General |
| PORTFOLIO A                                 | 24                     | 8        | 44         | 76      |
| PORTFOLIO B                                 | 113                    | 31       | 94         | 238     |
| PORTFOLIO C                                 | 203                    | 33       | 114        | 352     |
| PORTFOLIO D                                 | 16                     | 3        | 24         | 43      |
| PORTFOLIO E                                 | 53                     | 37       | 47         | 137     |
| TOTAL JOBS                                  | 409                    | 112      | 323        | 846     |

For the Q3 draft, there was a total of 409 Plumbing jobs, 112 Electrical jobs, and 323 General jobs orders carried out under reactive maintenance. In total, there were 846 reactive maintenance jobs carried out in all JOSHCO properties.

#### 5.4 RENTAL AND LEASE APPLICATIONS UNIT OCCUPANCY LEVELS

The overall occupancy rate for all residential rental stock is at 98% for Q3 of the 2024/25 FY, with a 2% vacancy rate.

**Table 22: Overall Occupancy**

| Project Name      | Units<br>No. | Occupancy | Occupancy |
|-------------------|--------------|-----------|-----------|
| AA House          | 254          | 251       | 99.00%    |
| African Diamond   | 61           | 58        | 95.00%    |
| Antea             | 409          | 353       | 86.00%    |
| Bellavista Infill | 36           | 36        | 97.00%    |
| Bothlabela        | 521          | 521       | 99.00%    |
| Citrine Court     | 79           | 73        | 92.00%    |
| Chelsea           | 80           | 68        | 91.00%    |
| City Deep Old     | 425          | 409       | 97.00%    |
| Europa House      | 167          | 164       | 98.00%    |
| Hoek Street       | 265          | 263       | 99.00%    |
| Klipspruit (Beds) | 54           | 53        | 98%       |
| Kliptown Golf C   | 936          | 929       | 99.00%    |
| La Rosabel        | 50           | 49        | 98.00%    |
| MBV               | 188          | 184       | 98.00%    |



|                    |       |       |         |
|--------------------|-------|-------|---------|
| Legae              | 92    | 92    | 100.00% |
| Orlando Ekhaya 2   | 190   | 181   | 97.00%  |
| Orlando Ekhaya 1   | 102   | 100   | 99.00%  |
| Pennyville Rooms   | 564   | 560   | 99.00%  |
| Phoenix House      | 135   | 135   | 99.00%  |
| Rashers' Building  | 95    | 97    | 100.00% |
| Selby Rooms        | 19    | 17    | 89%     |
| Selby Units        | 256   | 253   | 99.00%  |
| Textile Building   | 162   | 161   | 98.00%  |
| Union Square       | 341   | 339   | 99.00%  |
| City Deep New      | 329   | 327   | 99%     |
| Ekhaya Gardens     | 333   | 332   | 99%     |
| Devland            | 255   | 254   | 99%     |
| Dobsonville        | 502   | 500   | 99.00%  |
| Fleurhof Ph. 1     | 452   | 449   | 99.00%  |
| Fleurhof Ph. 2     | 252   | 521   | 99.00%  |
| Kliptown Square    | 478   | 449   | 93.00%  |
| Pennyville (Flats) | 198   | 191   | 96.00%  |
| Roodepoort         | 432   | 431   | 99.00%  |
| Turffontein        | 525   | 524   | 99.00%  |
| Lufhereng          | 406   | 403   | 99.00%  |
| The Ridge          | 150   | 148   | 98.00%  |
| Riverside          | 363   | 361   | 99.00%  |
|                    | 10156 | 10236 | 98%     |

## 5.5 COMMUNITY DEVELOPMENT

The key areas of focus for JOSHCO Community Development are:

- EPWP Programme (Job Creation & Skills Development).
- Tenants Initiatives (Outreach Programmes).
- Psycho-Social Support.
- Training.

## 5.6 EXPANDED PUBLIC WORKS PROGRAMME (EPWP).

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

#### 5.6.1 Job creation

The JOSHCO Community Development unit currently manages EPWP contracts of workers that provide the following services: administration, cleaning, gardening, painting, pest control, security, and waste management. The total number of jobs created through the EPWP programme for Q3 is 219.

**Table 23: Quarter 3 EPWP**

| ADMIN | ADMIN OFFICER | SECURITY | GENERAL WORKERS | TOTAL |
|-------|---------------|----------|-----------------|-------|
| 12    | 1             | 13       | 193             | 219   |



# CHAPTER 4

## HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



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

This section provides the total employee remuneration costs.

Table 24: Personnel Cost by Occupational Level as at 31 March 2025

| Occupational Level   | No. of employees | Personnel Expenditure | % of total personnel cost | Average cost per employee |
|--|------------------|-----------------------|---------------------------|---------------------------|
| Top Management (CEO, CFO, COO)   | 1                | 561 248,04            | 1%                        | 561 248,04                |
| Executive Managers   | 1                | 555 006,04            | 1%                        | 555 006,04                |
| Professional Qualified / Middle Management (Portfolio Managers, Accountants)                                       | 35               | 11 401 404,22         | 21%                       | 325 754,41                |
| Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin) | 111              | 18 147 734,58         | 33%                       | 163 493,10                |
| Semi-Skilled (Driver, Receptionist, Call Center Agents)  | 5                | 292 299,21            | 1%                        | 58 459,84                 |
| Internship   | 3                | 67 388,02             | 0%                        | 22 462,67                 |
| Unskilled (Office Attendants, Security Officers, and Cleaners)   | 342              | 17 136 499,25         | 31%                       | 50 106,72                 |
| EPWP   | 539              | 7 271 540,63          | 13%                       | 13 490,80                 |
| <b>Total</b>   | <b>1 037</b>     | <b>55 433 119,99</b>  | <b>100%</b>               | <b>53 455,27</b>          |

## SECTION 2: KEY VACANCIES

This section provides reporting on vacancies which were actioned, either by filling on an acting capacity or recruited for. The summary thereof is displayed in tables 24 and 25 below:

Eight (16) acting appointments were instituted.

Table 25: Acting Appointments

| No. | Designation                              | Acting Role                           | From                              | Reasons  | Comments  |
|-----|--|---------------------------------------|-----------------------------------|--|---|
| 1.  | Executive Manager: Planning and Strategy | Chief Executive Officer               | November 2024 to 31 March 2025    | Acting because the incumbent is seconded to another department in the City | Board to guide way forward  |
| 2.  | Assistant Director: Human Capital        | Executive Manager: Corporate Services | 18 December 2024 to 31 March 2025 | Acting because the position is vacant ( <i>Dispute finalised</i> )         | Position to be re-advertised, pending the approval of the Strategic |



|     |   |  |                                      |   |  |
|-----|---|--|--------------------------------------|---|--|
|     |   |  |                                      |   | Appointment Panel                                |
| 3.  | Program Manager: Planning                 | Chief Operations Officer                                     | 18 December 2024 to 31 March 2025    | Acting because the position is vacant ( <i>recruitment process underway</i> ) | Pending recruitment process to guide way forward |
| 4.  | Manager: Finance                          | Chief Financial Officer                                      | 18 December 2024 to 31 March 2025    | Acting because the position is vacant ( <i>recruitment process underway</i> ) | Pending recruitment process to guide way forward |
| 5.  | Senior ICT Manager                        | Executive Manager: Business Planning and Strategy            | 18 December 2024 to 31 March 2025    | Acting because the incumbent is acting in a senior position                   | For period aligned with the Acting CEO           |
| 6.  | Executive Assistant                       | Manager: Office Administration                               | 01 February 2025 to 31 March 2025    | Acting because the position is vacant   | Rotation will apply                              |
| 7.  | Project Manager                           | Program Manager: Implementation                              | 01 February 2025 to 31 March 2025    | Acting because the position is vacant ( <i>recruitment process underway</i> ) | Pending recruitment process to guide way forward |
| 8.  | Portfolio Manager                         | General Manager: Housing Management                          | 01 February 2025 to 31 March 2025    | Acting because the position is vacant ( <i>recruitment process underway</i> ) | Pending recruitment process to guide way forward |
| 9.  | Credit Controller                         | Social Facilitator   | 01 February 2025 to 30 April 2025    | Acting because the position is vacant   | Rotation will apply                              |
| 10. | Tenant Management and Allocations Officer | Social Facilitator   | 01 March 2025 to 31 May 2025         | Acting because the position is vacant   | Rotation will apply                              |
| 11. | Monitoring and Evaluation Officer         | Specialist: Monitoring and Evaluation                        | 17 February 2025 to 17 May 2025      | Acting because the position is vacant ( <i>recruitment process underway</i> ) | Pending recruitment process to guide way forward |
| 12. | Security Officer                          | Security Supervisor  | 07 February 2025 to 24 February 2025 | Acting because the incumbent was on leave.                                    | Substantive position                             |
| 13. | Specialist: Governance                    | Manager: Governance and Ethics                               | 01 February 2025                     | Acting because the position is vacant   | Rotation will apply                              |
| 14. | Human Resource Officer                    | Human Resources Manager: Administration & Employee Relations | 08 January 2025 to 31 January 2025   | Acting because the incumbent is seconded to another entity                    | Substantive position                             |

|     |                            |  |                                   |  |                      |
|-----|----------------------------|--|-----------------------------------|--|----------------------|
| 15. | Employee Relations Officer | Human Resources Manager: Administration & Employee Relations | 01 February 2025 to 31 March 2025 | Acting because the incumbent is seconded to another entity | Substantive position |
|-----|----------------------------|--|-----------------------------------|--|----------------------|

#### Recruitment in Progress as at 31 March 2025

- There were five (5) positions approved by the Strategic Appointment Panel that have been advertised.
- The recruitment processes of the Chief Operations Officer and Chief Financial Officer vacancies were re-advertised. Proceedings to the shortlisting stage are underway, pending the availability of panel members.

Table 26 below consists of critical positions that are aimed to be filled to ensure the smooth running of the organisation's operations:

**Table 26: Critical positions to be filled**

| No. | Critical Position                     | Department                     | Action Taken      |
|-----|---------------------------------------|--------------------------------|-------------------|
| 1.  | Chief Operations Officer              | Office of the CEO              | Advertising Stage |
| 2.  | Chief Financial Officer               | Office of the CEO              | Advertising Stage |
| 3.  | General Manager: Housing Management   | Office of the COO              | Advertising Stage |
| 4.  | Program Manager: Implementation       | Office of the COO              | Advertising Stage |
| 5.  | Specialist: Monitoring and Evaluation | Business Planning and Strategy | Advertising Stage |

**Comment:** As a mitigative response to the City's budgetary constraints, the City has formulated a Strategic Appointment Panel, which aims to monitor and guide the criticality of vacancies to be filled City wide. Therefore, prior the commencement of any recruitment process, approval is to be sought from the panel

## TERMINATIONS

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

**Table 27: Terminations**

| Department and Designation | Reason     | End Date        |
|----------------------------|------------|-----------------|
| Office of the COO- Cleaner | Incapacity | 31 January 2025 |
| <b>Total: 1</b>            |            |                 |

## SECTION 3: EMPLOYMENT EQUITY

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

- There was no headcount movement for the reporting period, as such, all numbers and percentages remain unchanged.

**Table 28: below reflects the EE profile of the organisation:**

| Occupational Level                             | Male       |          |          |          | Female     |          |          |          | Foreign Nat. |          | Local      |            | Grand Total | Racial % Profile (ACI) | Female Gender Representation % Achievement |
|--|------------|----------|----------|----------|------------|----------|----------|----------|--------------|----------|------------|------------|-------------|------------------------|--|
|  | A          | C        | I        | W        | A          | C        | I        | W        | M            | F        | M          | F          |             |                        |  |
| Top Management                                 | 1          | 0        | 0        | 0        | 0          | 0        | 0        | 0        | 0            | 0        | 1          | 0          | 1           | 100%                   | 0%   |
| Senior Management                              | 0          | 0        | 0        | 0        | 1          | 0        | 0        | 0        | 0            | 0        | 0          | 1          | 1           | 100%                   | 100%                                       |
| Professionally Qualified / Middle Management   | 20         | 0        | 0        | 2        | 9          | 0        | 1        | 0        | 1            | 1        | 22         | 10         | 34          | 88%                    | 29%  |
| Skilled Technically and Academically Qualified | 46         | 3        | 0        | 0        | 57         | 2        | 1        | 1        | 0            | 0        | 49         | 61         | 110         | 99%                    | 55%  |
| Semi-Skilled                                   | 1          | 0        | 0        | 0        | 2          | 1        | 0        | 0        | 0            | 0        | 1          | 3          | 4           | 100%                   | 75%  |
| Unskilled                                      | 154        | 2        | 0        | 0        | 184        | 3        | 0        | 0        | 0            | 0        | 156        | 187        | 343         | 100%                   | 55%  |
| <b>Total</b>                                   | <b>222</b> | <b>5</b> | <b>0</b> | <b>2</b> | <b>253</b> | <b>6</b> | <b>2</b> | <b>1</b> | <b>1</b>     | <b>1</b> | <b>229</b> | <b>262</b> | <b>493</b>  | <b>99%</b>             | <b>53%</b>                                 |

### **3.1 AGE PROFILE**

- 41,6% (the majority) of JOSHCO's staff is aged between 36 and 45.
- 7,5% of the headcount is over 56 years old. 84% of these employees fall within the unskilled category, 8% are at Supervisory level and 3% is at Middle Management.

## **SECTION 4: SKILLS DEVELOPMENT AND TRAINING**

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

### **4.1. BURSARY UPDATE FOR QUARTER 3 (2024/25)- Long-term training.**

- A total of 58 bursary applications were received, with 18 approvals, resulting in a 31% approval rate.
- Budget constraints were the primary reason for the 40 declined applications.
- Of the approved bursaries, 12 were continuations, while 6 were new applications.
- The new approvals focused exclusively on undergraduate students, with no postgraduate applications granted.
- A total of R758,582 was disbursed, this amount excludes the cost of textbooks.
- Recoveries have resumed for employees that failed all or part of their studies. This is in line with Training and Development Policy which allows JOSHCO to recover in the event results are not forthcoming.

### **4.2 TRAINING INTERVENTIONS FOR QUARTER 3 (2024/25)- Short-term learning/mid-term training.**

- 5 Candidates are enrolled in the Municipal Finance Management Act (MFMA) Training with Wits Business School. The programme will run for 8 months.
- The Leasing Department staff members attended a 1-day training for the new App to be rolled out.
- 1 Candidate from Internal Audit enrolled for the 6 months Certified Internal Audit Programme.
- Health and Safety training focusing on First Aid and Fire Marshalls was scheduled and



attended by 28 delegates.

- Awareness sessions were held for the following programmes with an estimated attendance of 550 employees (including EPWPs):
  - ✓The PAIA Act (Legal Office)
  - ✓The POPIA Act (Legal Office)
  - ✓Fraud and Corruption (GFIS).

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

- Not for reporting period

### SECTION 5: PERFORMANCE MANAGEMENT

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

The initial contracting took off to a very slow start with a negligible number of employees contracted. To mitigate the situation, online performance workshops were held, and email communication were sent to all employees. In comparison, to the previous quarter, there was a slight improvement in number of performance scorecards submitted.

**Table 29: Contracting update**

| Department   | No of Eligible staff | Submitted Q1 | Submitted Q2 | Submitted Q3 to date | % Submitted | % Not Yet Submitted |
|--|----------------------|--------------|--------------|----------------------|-------------|---------------------|
| Office of the CEO<br>(CEO, IA, Legal & Cosec)  | 10                   | 0            | 5            | 10                   | 100%        | 0                   |
| Office of the COO<br>(COO, Housing Management, Housing Development, Community Development, ICT, Stakeholder Relations) | 442                  | 14           | 185          | 245                  | 55%         | 45%                 |
| Office of the CFO<br>(CFO, SCM & Finance Core)   | 14                   | 0            | 5            | 9                    | 64%         | 36%                 |

|  |            |           |            |            |            |            |
|--|------------|-----------|------------|------------|------------|------------|
| Planning & Strategy<br>(EM, Planning & Performance,<br>Compliance & Risk)              | 7          | 6         | 5          | 5          | 71%        | 29%        |
| Corporate Services<br>(EM, HR, Marketing,<br>Health & Safety and<br>Customer Services) | 20         | 15        | 19         | 19         | 95%        | 5%         |
| <b>Total</b>   | <b>493</b> | <b>35</b> | <b>219</b> | <b>283</b> | <b>57%</b> | <b>43%</b> |

Comments: Cumulatively the total number of signed scorecards is at 283, translating to a 57% submission achievement rate.

- The Office of the Chief Operations Officer remains the most challenging with the lowest percentage at 55%.
- The HR Department continues to have 1 on 1 sessions with management pertaining the performance management of employees. Furthermore, the HR Department has embarked on weekly project visits whose purpose is to educate employees about performance management, amongst other HR Services

## SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

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

### Precautionary Suspensions:

| Number of suspensions | Allegations          | Date of suspension             | Status              |
|-----------------------|----------------------|--------------------------------|---------------------|
| One (1)               | Fraud and corruption | 22 <sup>nd</sup> November 2024 | Under investigation |

### Disciplinary Matters.

| Number of misconducts    | Type of misconduct  | Status  | Comment   |
|--------------------------|---|---------|---|
| Two (2) misconduct cases | Intimidation and/or assault, harassment, and unauthorised occupation of JDA offices by SAMWU shop stewards at Johannesburg Development Agency | Ongoing | Disciplinary hearing postponed until further notice due to ill-health of the chairperson. |

|  |  |         |   |
|--|--|---------|---|
|  | Contravened clause 1.2.9 of the Disciplinary Procedure and Collective Agreement. | Ongoing | Disciplinary hearing scheduled for the 14 <sup>th</sup> and 15 <sup>th</sup> of April 2025. |
|--|--|---------|---|

#### GRIEVANCE MATTERS.

| Number of grievances | Status            | Comment                                  |
|----------------------|-------------------|--|
| Three (3) grievances | One (1) Ongoing   | Awaiting resolution from the Chairperson |
|                      | Two (2) Finalised | None                                     |

#### MATTERS AT BARGAINING COUNCIL/ CCMA:

##### CCMA referral

| Number of disputes          | Status    | Comment                      |
|-----------------------------|-----------|------------------------------|
| Three (3) disputes received | Finalised | Settlement agreement reached |
|                             |           | Application dismissed        |
|                             |           | Dispute withdrawn            |

##### SALGBC referrals.

| Number of disputes          | Status            | Comment                          |
|-----------------------------|-------------------|----------------------------------|
| Three (3) disputes received | Two (2) Finalised | Unresolved certificate issued    |
|                             | One (1) Finalised | Award in favour of the employer. |

## SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT

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

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

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

**Table 30: Leave Taken Analysis**

| Type of Leave                  | January         | February      | March         | Total Leave Days Taken | Increase/Decrease | Reason   |
|--------------------------------|-----------------|---------------|---------------|------------------------|-------------------|--|
| Annual                         | 1 612.50        | 399           | 100.50        | 2 112                  | Increase          | Includes compulsory leave/Festive season (Jan) |
| Sick                           | 66              | 61            | 30            | 157                    | Increase          | Change of Season                               |
| Family Resp. & Paternity Leave | 16              | 4             | 5             | 25                     | Decrease          | Unpredictable / unforeseen                     |
| Maternity Leave                | 50              | 40            | 37            | 127                    | Increase          | Unpredictable /unforeseen                      |
| Unpaid Sick                    | 22              | 0             | 0             | 22                     | Decrease          | Results from exhausted Sick & Annual leave     |
| Long Service                   | 8               | 0             | 8             | 16                     | Increase          | Periodic/ Compulsory to qualifying staff       |
| Study/Exam leave               | 6               | 3.50          | 0             | 9.50                   | Decrease          | Not Exam season for majority                   |
| Special                        | 1               | 15            | 0             | 16                     | Increase          | Unpredictable / unforeseen                     |
| AWOL/Unpaid                    | 32              | 6             | 0             | 38                     | Increase          | Unforeseen                                     |
| <b>Total</b>                   | <b>1 813.50</b> | <b>528.50</b> | <b>180.50</b> | <b>2 522.50</b>        | -                 | -  |

## 7.1. LEAVE ENCASHMENT

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



- In the period of January 2025 to March 2025, a total of 23 JOSHCO employees encashed 267 annual leave days, averaging 12 leave days encashed per employee, resulting in a total amount of **R 569 240.16**
- Additionally, 47 Securities and Cleaners encashed 718 annual leave days during the same period, averaging 15 leave days encashed per employee, which amounted to **R 395 995.12**
- In the month of January 2025, a total of 4 employees received PFA adjustments, resulting in an adjustment in their previous leave encashments which amounted of **R 1 201.28**

## **SECTION 8: EMPLOYEE BENEFITS**

### **8.1 RETIREMENT FUND**

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

### **8.2. MEDICAL AID SCHEME**

All permanent employees are eligible for a medical aid subsidy. Insourced employees (Security Officers and Cleaners) have the option to either opt-in or out of the benefit. The Employer Contribution is 60% up to a maximum of R 5 514.86, and the Employee Contribution is 40% depending on the number of dependents.

### **8.3. HOUSING SUBSIDY**

All permanent employees are eligible for a monthly housing subsidy of R1 114.40. Eligibility is on the basis that the employee has a registered bond linked to their name. A total of 28 JOSHCO employees are beneficiaries of the housing allowance as of the end of March 2025. Additionally, a total of 2 Securities and Cleaners are beneficiaries of the housing allowance.

### **8.4. LOCOMOTIVE ALLOWANCE.**

The entity implemented locomotive allowance in bulk to qualifying employees. Eligibility is on the basis that an employee's daily roles and responsibilities requires them to travel. The allowance is calculated based on the employee's basic salary.

### **8.4. WELLNESS PROGRAMME**

JOSHCO's Wellness Programme is designed to foster a workforce that is both mentally and

physically healthy, thereby enhancing employee performance and morale. The organisation provides all employees and their immediate family members with access to the Lyra Wellbeing program, formerly known as ICAS services. This initiative is supported by various wellness-oriented activities.

On the 26<sup>th</sup> of March 2025 the Company rolled out a Wellness Event. The event took a holistic approach to employee wellbeing and catered to physical health factors. The health screening focused on testing for blood pressure, blood sugar, blood cholesterol (total), Body mass index (BMI), waist and hip circumference and ratio, and HIV test. Screening tests are done to detect potential health diseases early to treat them most effectively.

Staff members also took part in health screening services where different specialists conducted free consultations. The consultation focused on audiologist, dietician, optometrist, dentist, podiatrist, physiotherapist, gynaecologist, massage therapists and orthoptist services. The reason for the initiative was to build awareness and the importance of healthy living and the need for employees to perform regular check-ups.

Additionally, every Tuesday FNB provides financial consultations to JOSHCO employees which helps employees increase their financial knowledge and ability to manage personal and family finances. Every Thursday Old Mutual provides financial consultations to JOSHCO employees which helps employees increase their financial knowledge and ability to manage personal and family finances.

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

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

## SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

The purpose of this report is to ensure that JOSHCO complies with all the applicable legislation and, where appropriate, institute additional measures to ensure Health and Safety at Head Office and Projects, and to update the Human Resource, Social and Ethics Committee, and Board of Directors on the progress made on Health and Safety in quarter 3 of the 2024/2025 financial year.

### 9.1 JOSHCO INCIDENTS STATISTICS

JOSHCO Fire incidents, Injury on Duty (IOD), First Aid incidents, medical treatment incidents and Total fatality incidents recorded.

**Table 31: JOSHCO's Incidents**

| Total fire incidents  | Total IOD's (Injuries on duty) | Total First aid incidents | Total Medical treatment incidents | Near miss incidents |
|---|--------------------------------|---------------------------|-----------------------------------|---------------------|
| 0   | 1                              | 0                         | 0                                 | 0                   |
| In Quarter 3, zero (0) Fire incident was recorded, one (1) IOD, zero (0) First aid incident, zero (0) Medical treatment incidents, and zero (0) Near miss incidents have been reported. |                                |                           |                                   |                     |

- On 17 January 2025 at approximately 11h30 Ms. N.B Ratyana was cleaning the basin when a stone shelf fell on her right leg affecting her knee and ankle. Radiology reported no acute fractures. (IOD – The employee has fully recovered on 03 February 2025, now back on duty).

### 9.2. HEALTH AND SAFETY AWARENESS AND TRAINING RECORDED

**9.2.1. Table 32: Health and Safety Awareness and Training Recorded.**

| Health & Safety Induction EPWP (Riverside View) | Certificated Health and Safety training | Tenant orientation and training workshop |
|---|---|--|
| Riverside view (23)                             | First Aiders (28)<br>Fire Marshals (28) | Abel the Ridge (56)                      |
| <b>Total: 23</b>                                | <b>Total:56</b>                         | <b>Total:56</b>                          |

In Quarter 3, **Health and Safety Induction** was presented to twenty-three (23) EPWP members at Riverside View.

**First Aid training** was arranged for twenty-eight (28) staff members and twenty-eight (28) **Fire Marshal** respectively at the City of Joburg Emergency Training Academy.

Health and Safety Unit participated at the Abel Street (The Ridge project) for tenant **Orientation** to raise awareness regarding the management of emergency situations, fifty-six (56) residents were reached.



*Picture 1 (Left): Health and Safety training (Brixton). Picture 2 (Right): Process to be followed during emergency situations (Abel Street, The Ridge).*

### 9.3. HEALTH AND SAFETY INSPECTIONS

**Table 33: Health and Safety Inspections- Quarter 3 Findings**

| Site      | Major findings  | Status update by Housing Management  |
|-----------|---|--|
| City deep | City deep hostel is not fire compliant, due to the missing fire extinguisher. Revised SHE policy statement was not displayed. | PO is issued to service provide to attend to the compliance of fire, work in progress. Will be completed by the 12 April 2025<br>Office of the GM admin is finalising the laminating of the SHE policy. Done by 2 April 2025 |
| Phoenix   | Blocked female toilets causing flooding and a hygiene risk.   | Office of the GM admin is finalising the laminating of the   |



|                      |   |   |
|----------------------|---|---|
|                      | Revised SHE policy statement was not displayed.   | SHE policy. Done by 2 April 2025  |
| <b>Selby</b>         | Revised SHE policy statement was not displayed. Access control measures must be improved. | Office of the GM admin is finalising the laminating of the SHE policy. Done by 2 April 2025 |
| <b>Citrine court</b> | Revised SHE policy statement was not displayed.   | Office of the GM admin is finalising the laminating of the SHE policy. Done by 2 April 2025 |
| <b>Bellavista</b>    | Revised SHE policy statement was not displayed.   | Office of the GM admin is finalising the laminating of the SHE policy. Done by 2 April 2025 |
| <b>Turffontein</b>   | Revised SHE policy statement was not displayed.   | Office of the GM admin is finalising the laminating of the SHE policy. Done by 2 April 2025 |

**Table 34: Health and Safety Inspections- Update on Quarter 2 Findings**

| <b>Site</b>     | <b>Major findings</b>              | <b>Status update by Housing Management</b>   |
|-----------------|------------------------------------|--|
| <b>Raschers</b> | Fire hose reel did not have water. | The new service provider is assigned for assessment report and quotations, PO will be issued be 10 April 2025. |
| <b>Europa</b>   | Fire hose reel did not have water. | The new service provider is assigned for assessment report and quotations, PO will be issued be 10 April 2025. |
| <b>Textile</b>  | Fire hose reel did not have water. | The new service provider is assigned for assessment  |

|                        |                                    |  |
|------------------------|------------------------------------|--|
|                        |                                    | report and quotations, PO will be issued be 10 April 2025.                   |
| <b>MBV</b>             | Fire hose reel did not have water. | The installation of pumps are in progress, PO was issued to service provide. |
| <b>African Diamond</b> | Fire hose reel did not have water. | Corrected  |
| <b>Phoenix</b>         | Fire hose reel did not have water. | Corrected  |
| <b>Selby</b>           | No major findings recorded         |  |

# CHAPTER 5

## FINANCIAL PERFORMANCE AND EXPOSURE





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

An analysis of the financial position as at 31 March is reflected below and in Table 35. The paragraphs below provide explanations for the movements of assets and liabilities in the quarter

| Table 1: Statement of Financial Position for the year ended 31 March 2025 |                    |                    |                  |            |
|---|--------------------|--------------------|------------------|------------|
| Description   | 31 March 2025      | 30 June 2024       | Variance         | Variance   |
|   | R'000              | R'000              | R'000            | %          |
| <b>Assets</b>   |                    |                    |                  |            |
| <b>Current Assets</b>   |                    |                    |                  |            |
| Inventories   | 692                | 518                | 174              | 34%        |
| Loans to shareholders   | 5 958              | 5 958              | -                | 0%         |
| Current tax receivable  | 50                 | 50                 | -                | 0%         |
| Receivables from exchange transactions                                    | 1 206 924          | 1 247 353          | (40 429)         | -3%        |
| Receivables from non-exchange transactions                                | 6 484              | 5 871              | 613              |            |
| VAT receivable  | 9 019              | 5 440              | 3 579            | 66%        |
| Cash and cash equivalents   | 22 233             | 20 994             | 1 239            | 6%         |
|   | <b>1 251 360</b>   | <b>1 286 184</b>   | <b>(34 824)</b>  | <b>-3%</b> |
| <b>Non-current assets</b>   |                    |                    |                  |            |
| Property, plant and equipment   | 37 525             | 39 342             | (1 817)          | -5%        |
| Intangible assets   | 6 833              | 6 869              | (36)             | -1%        |
| Investment in joint venture   | 20 650             | 20 650             | -                | 0%         |
| <b>Total Non-current assets</b>   | <b>65 008</b>      | <b>66 861</b>      | <b>(1 853)</b>   | <b>-3%</b> |
|   |                    |                    |                  |            |
| <b>Total Assets</b>   | <b>1 316 368</b>   | <b>1 353 045</b>   | <b>(36 677)</b>  | <b>-3%</b> |
| <b>Liabilities</b>  |                    |                    |                  |            |
| <b>Current Liabilities</b>  |                    |                    |                  |            |
| Loans from shareholder  | (1 670 094)        | (1 309 093)        | (361 001)        | 28%        |
| Borrowings - DBSA   | (857)              | (2 142)            | 1 285            | -60%       |
| Current tax payable   |                    |                    |                  |            |
| Finance lease obligation  | (407)              | (407)              | -                | 0%         |
| Payables from exchange transactions                                       | (1 370 010)        | (1 400 974)        | 30 964           | -2%        |
|   | <b>(3 041 368)</b> | <b>(2 712 616)</b> | <b>(328 752)</b> | <b>12%</b> |
| <b>Non-Current Liabilities</b>  |                    |                    |                  |            |
| Borrowings - DBSA   | (6 278)            | (6 617)            | 339              | -5%        |
| Deferred Income from non-exchange transactions                            | (177)              | (178)              | 1                | -1%        |
|   | <b>(6 455)</b>     | <b>(6 795)</b>     | <b>340</b>       | <b>-5%</b> |
| <b>Total Liabilities</b>  | <b>(3 047 823)</b> | <b>(2 719 411)</b> | <b>(328 412)</b> | <b>12%</b> |
| <b>Net Assets</b>   | <b>(1 731 455)</b> | <b>(1 366 366)</b> | <b>(365 089)</b> | <b>27%</b> |
| Share Capital   | 0.120              | 0.120              | -                | 0%         |
| Accumulated deficit   | (1 731 455)        | (1 366 366)        | (365 089)        | 27%        |
| <b>Total Net Assets</b>   | <b>(1 731 455)</b> | <b>(1 366 366)</b> | <b>(365 089)</b> | <b>27%</b> |



## **1.1. ASSETS**

### **1.1.1 Current Assets**

Current assets decreased by R34, 824 million. This is largely due to Receivables from exchange transactions where some CoJ Departments are starting to settle the long outstanding debt. This was achieved through intervention from the CoJ Group CFO where all processes that were delaying payment were attended to speedily. Engagements continue to be held monthly with CoJ Departments to settle long outstanding debts, which has yielded results with some departments making payments or committing to make payments on finalization of payment processes. The balances owed as at 31 March 2025 are also detailed in Table 39 of this chapter.

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

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

## **1.2. LIABILITIES**

Loans from shareholders increased by R361, 001 million (from R1,309 billion to 1,670 billion) mainly due to the entity not receiving funds owed from various entities where JOSHCO is an implementing agent for their projects. As a result, the interest incurred on the overdraft balance significantly grows the liability balance. Engagements have been held monthly with CoJ Departments to settle long outstanding debts; some departments have committed to make payments on finalization of payment processes. Included in current liabilities is the current portion of the long-term loan from the DBSA. Payables from exchange transactions have decreased by 2%, which is a result of allocation of cash to JOSHCO to settle some of the outstanding and overdue Trade payables from contractors and service providers. JOSHCO is continuously engaging Group Finance (Treasury) on a weekly basis for allocation of cash to settle invoices incurred from service providers.

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

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

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 March 2025 resulted in a deficit of R365 088 million per Table 36 below.

|   | Actual           | Budget           | Variance         | Variance %    |
|---|------------------|------------------|------------------|---------------|
|   | YTD              | YTD              |                  |               |
|   | R'000            | R'000            |                  |               |
| Rental Income                                 | 128 331          | 110 169          | 18 162           | 16,49%        |
| Subsidies                                     | 100 126          | 100 126          | -                | 0,00%         |
| Management Fees                               | 13 925           | 54 903           | (40 977)         | -74,64%       |
| Interest Income                               | 27 085           | 19 135           | 7 950            | 41,55%        |
| Utility Recoveries                            | 3 526            | 1 509            | 2 017            | 133,64%       |
| Other Income                                  | 44               | 817              | (773)            | -94,62%       |
| EPWP Government Grant                         | 5 997            | 6 000            | (3)              | -0,06%        |
| <b>Total Revenue</b>                          | <b>279 033</b>   | <b>292 659</b>   | <b>(13 625)</b>  | <b>-4,66%</b> |
| Personnel costs                               | (172 777)        | (150 893)        | (21 884)         | -15%          |
| Board fees                                    | (1 686)          | (1 836)          | 150              | 8%            |
| Debt impairment                               | (69 127)         | (19 806)         | (49 321)         | -249%         |
| Depreciation and Amortisation                 | (3 676)          | (1 279)          | (2 397)          | -187%         |
| Finance Costs                                 | (94 123)         | (754)            | (93 369)         | -12387%       |
| Bad Debt written off                          | (2 300)          | -                | (2 300)          | 100%          |
| Repairs and Maintenance                       | (89 997)         | (53 765)         | (36 232)         | -67%          |
| Security                                      | (58 085)         | (1 604)          | (56 481)         | -3522%        |
| Utilities                                     | (111 899)        | (24 278)         | (87 621)         | -361%         |
| Administrative                                | (40 454)         | (32 344)         | (8 110)          | -25%          |
| <b>Total Expenditure</b>                      | <b>(634 684)</b> | <b>(286 559)</b> | <b>(357 565)</b> | <b>-125%</b>  |
| <b>Operating (Deficit)/Surplus before tax</b> | <b>(356 472)</b> | <b>6 099</b>     | <b>(371 190)</b> |               |
| Taxation                                      | -                | -                | -                | -             |
| <b>Operating (Deficit)/Surplus after tax</b>  | <b>(356 472)</b> | <b>6 099</b>     | <b>(371 190)</b> |               |
|   |                  |                  |                  |               |

## 2.1. REVENUE

### 2.1.1. Composition of Revenue

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

**Table 37: Composition of Revenue**

| Description           | Actual         | Budget         | Weighting % |
|-----------------------|----------------|----------------|-------------|
|                       | R'000          | R'000          |             |
| Rental Income         | 128 331        | 110 169        | 46%         |
| Subsidies             | 100 126        | 100 126        | 36%         |
| EPWP Governemnt Grant | 5 997          | 6 000          | 2%          |
| Management Fees       | 13 925         | 54 903         | 5%          |
| Interest Income       | 27 085         | 19 135         | 10%         |
| Utility Recoveries    | 3 526          | 1 509          | 1%          |
| Other Income          | 44             | 817            | 0%          |
| <b>Total Revenue</b>  | <b>279 033</b> | <b>292 659</b> | <b>100%</b> |

Total revenue is below budget by R13 625 million. The biggest contributor to revenue earned in the current financial year is rental income, making up 46% of total revenue. Rental income is 16.49% over budget due to tenant allocation of projects was higher than projected as a result of the use of JOSHCO APP. i.e. Ekhaya Gardens, Riverside View and Lufhereng. Management fees is under budget by almost 75%, JOSHCO has commenced less special projects for Coj Core Departments due to the long outstanding debt not being settled on time. The interest income charged on overdue rental debtors is above budget by 42% due to interest charged to defaulting tenants.

### 2.1.2 Revenue Collection

The entity's collection levels are in an upward trajectory as increased by 3% compared to previous month as we've realised 75% for current tenant rentals without the City Stock for the month ending on 31 March 2025 as shown in Table 38 below

**Q3 Summary without City Stock (31 March 2025)**

| CATERGORY                 | TOTAL BILLING    | TOTAL COLLECTION  | % COLLECTION | SHORTFALL       |
|---------------------------|------------------|-------------------|--------------|-----------------|
|                           | R'000            | R'000             |              |                 |
| SHRA Projects (13)        | 26 435,18        | -18 711,47        | 71%          | 7 723,72        |
| JOSHCO Projects (11)      | 6 372,12         | -5 559,06         | 87%          | 813,05          |
| Retail Space (9)          | 2 128,52         | -1 794,57         | 84%          | 333,95          |
| <b>OVERALL COLLECTION</b> | <b>34 935,82</b> | <b>-26 065,10</b> | <b>75%</b>   | <b>8 870,72</b> |

**Table 39: Q3 Summary With City Stock (31 March 2025)**

| CATERGORY                 | TOTAL BILLING    | TOTAL COLLECTION  | % COLLECTION | SHORTFALL        |
|---------------------------|------------------|-------------------|--------------|------------------|
|                           | R'000            | R'000             |              |                  |
| SHRA Projects (13)        | 26 435,18        | -18 711,47        | 71%          | 7 723,72         |
| JOSHCO Projects (11)      | 6 372,12         | -5 559,06         | 87%          | 813,05           |
| City Referral (9+1)       | 7 136,69         | -2 317,43         | 32%          | 4 819,26         |
| Retail Space (9)          | 2 128,52         | -1 794,57         | 84%          | 333,95           |
| <b>OVERALL COLLECTION</b> | <b>42 072,51</b> | <b>-28 382,54</b> | <b>67%</b>   | <b>13 689,98</b> |

### 2.1.3 Revenue Collection by Debt Collection Companies

The company uses the services of a debt collecting companies to collect debt over 90 days and above R10 000. The performance of the debt collection company is shown in Table 39. For the quarter under review, the companies have collected **R5,2 million (3%)** from the R193 886 million handed over to them for collection.

The debt collection companies appointed are proceeding with collection of all debt above 60 days. 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 40: Performance of debt collection companies for the current year to date**

| Month                     | No. of accounts handed over | Amount handed over | Amount Collected | % Collection |
|---------------------------|-----------------------------|--------------------|------------------|--------------|
|                           |                             | R'000              | R'000            |              |
| Jul-24                    | 3 552                       | 166 744            | 665              | 0,40%        |
| Aug-24                    | 3 552                       | 172 045            | 615              | 0,36%        |
| Sept-24                   | 3 552                       | 169 395            | 640              | 0,38%        |
| Oct-24                    | 3 552                       | 181 618            | 767              | 0,42%        |
| Nov-24                    | 3 552                       | 179 443            | 708              | 0,39%        |
| Dec-24                    | 3 552                       | 182 625            | 677              | 0,37%        |
| Jan-25                    | 3 552                       | 183 192            | 533              | 0,29%        |
| Feb-25                    | 3 552                       | 193 886            | 670              | 0,35%        |
| Mar-25                    | 3 552                       | 188 438            | 601              | 0,32%        |
| <b>TOTAL YEAR TO DATE</b> | <b>3 552</b>                | <b>193 886</b>     | <b>5 875</b>     | <b>3,03%</b> |



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

## 1.2. EXPENDITURE

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

- a) **Personnel costs:** The employee cost is 15% over the year-to-date budget due to salary adjustments (PFA) EPWP and backdate payments on SALGA adjustment.
- b) **Board fees:** The director's remuneration (board fees) is 8% under budget. Board fees are a variable cost that is affected by the attendance of members for various meetings. Special sittings of ARC and Board for AFS approval are also a contributing factor.
- c) **Debt impairment:** The debt impairment is over budget by 249% due to the high tenant debt ages.
- d) **Depreciation and Amortisation:** Depreciation and amortisation is 249% over budget due to the purchase of property, plant, and equipment for the head office, tools of trade for office-based staff which also includes computer equipment as well as IT software and licenses to improve ITC security of the organisation.
- e) **Finance costs:** Finance costs exceed budget by R93 369 million due to interest incurred on negative Sweeping account (overdraft) arising from delays in receiving payment from projects undertaken on behalf of COJ departments.
- f) **Bad debts written off:** These are irrecoverable amounts per the conditions of the bad debt write-off policy.
- g) **Repairs and Maintenance:** Repairs and maintenance expenditure is 67 % above budget due to responsive maintenance, maintenance done to comply with Safety regulations and responding to the building condition assessment report
- h) **Security:** Security services is R3 522 million above budget due to an increase in buildings under management, buildings which are still in the planning phase and no contractor is appointed and sites where contractors have been terminated. The number of guards insourced are not sufficient to cover the security requirements of the entity's building portfolio furthermore the budget allocated was mainly for Security Equipment.
- i) **Utilities:** The utilities expenditure is 361% above budget largely due to unavoidable utility costs incurred more than available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects. A flat rate for water is being charged while the water meters are being sourced and installed across JOSHCO projects.

- j) **Administrative costs:** The administrative costs are 25% above budget largely due to increase in consulting fees, legal costs for ongoing investigations and rental collection processes, eviction processes and contracted services for business process improvements.

### SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 31 March 2025 is R22 233 million. The tenant deposit account has a balance of R20 054 million. The SHRA account has a balance of R2 million. An amount of R1 670 093 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans (from) shareholders).

### SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The approved adjustment capex budget for the 24/25 financial year is R279,771 million (23/24: R337,5 million) funded from the external funding sources (EFF) capital reserves (CRR) and grants (MIG). As at 31 March 2024, JOSHCO's verified spend for the quarter under review is 60% against a quarterly target of 75%. This is reflected in Table 40 below. The detailed budget per project is shown in Table 41.

**Table 40: CAPEX Spend**

| SOURCE       | BUDGETS               | CLAIMS                | %          |
|--------------|-----------------------|-----------------------|------------|
| EFF -350     | 235 216 100.00        | 153 550 874.90        | 65%        |
| CRR-360      | 9 700 000.00          | 11 555 280.20         | 119%       |
| MIG-373      | 34 854 446.00         | 1 888 456.35          | 5%         |
| <b>TOTAL</b> | <b>279 770 546.00</b> | <b>166 994 611.45</b> | <b>60%</b> |

**Table 41: Capex Spend Per Project.**

| Project Name                             | WBS Element       | Budget         | Expenditure    | Balance        |
|--|-------------------|----------------|----------------|----------------|
| EXISTING STOCK REDEVELOPMENT;UPGRADE AND | 65-14008.350.0020 | 17 039 294.00  | 19 106 507.77  | (2 067 213.77) |
| 30042 - Kelvin                           | 65-14013.350.0020 | 4 000 000.00   | 4 916 929.51   | (916 929.51)   |
| LOMBARDY EAST HOUSING PROJECT New Housin | 65-14014.350.0020 | 8 060 806.00   | 8 022 403.72   | 38 402.28      |
| LOMBARDY EAST HOUSING PROJECT New Housin | 65-14014.360.0020 | 3 000 000.00   | 6 268 669.77   | (3 268 669.77) |
| LUFHERENG SOCIAL HOUSING PROJECT New Hou | 65-14015.373.0010 | 7 000 000.00   | -              | 7 000 000.00   |
| NANCEFIELD STATION HOUSING/KLIPSPRUIT ST | 65-14017.350.0020 | 70 000 000.00  | 43 275 285.36  | 26 724 714.64  |
| Selkirk Social Housing project New Housi | 65-14022.373.0020 | 27 854 446.00  | 1 888 456.35   | 25 965 989.65  |
| Golden highway Social Housing project Ne | 65-15009.350.0010 | 40 000 000.00  | 18 585 570.91  | 21 414 429.09  |
| Casamia Renewal Building Alterations     | 65-16002.350.0020 | 1 000 000.00   | -              | 1 000 000.00   |
| Malvern Emergency Housing Project        | 65-19001.350.0020 | 1 000 000.00   | -              | 1 000 000.00   |
| Malvern Building Conversion              | 65-19001.360.0020 | 0.00           | 660 000.00     | (660 000.00)   |
| 38 Rissk Street (NBS) Inner City Buildi  | 65-19002.350.0020 | 5 500 000.00   | 8 991 108.85   | (3 491 108.85) |
| Booyens Place Inner City Building C      | 65-19003.350.0020 | 10 000 000.00  | 927 434.87     | 9 072 565.13   |
| Smit Street Inner City Building Conv     | 65-19007.350.0020 | 10 000 000.00  | 12 064 542.73  | (2 064 542.73) |
| Mariboro Social Housing Project Regi     | 65-19008.350.0010 | 3 250 000.00   | 9 516 552.39   | (6 266 552.39) |
| Tum-Key 1: Region A                      | 65-21002.350.0020 | 54 866 000.00  | 12 431 015.34  | 42 434 984.66  |
| Tum-Key 1: Region B                      | 65-21003.350.0020 | 1 000 000.00   | -              | 1 000 000.00   |
| Park Chambers                            | 65-24000.360.0020 | 6 700 000.00   | 4 626 610.43   | 2 073 389.57   |
| Frank Brown/ Milpark Social Housing Deve | 65-24001.350.0020 | 6 000 000.00   | 10 579 411.29  | (4 579 411.29) |
| Tum-Key : Region F ( Denver Social Housi | 65-24002.350.0020 | 3 500 000.00   | 5 134 112.16   | (1 634 112.16) |
|  |                   | 279 770 546.00 | 166 994 611.45 | 112 775 934.55 |

## SECTION 5: RATIO ANALYSIS

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

Table 42: Key Ratio Analysis as at 31 March 2025

| KEY PERFORMANCE INDICATOR  | 2024/25 TARGET   | QUARTER 3 TARGET | QUARTER 3 PERFORMANCE | VARIANCE |
|--|--|------------------|-----------------------|----------|
| Achievement of selected profitability and liquidity ratios<br>% collection in respect of current debtors | Current ratio 1:1  | 1:1              | 0.41                  | -1.41    |
|  | Solvency Ratio 1:1   | 1:1              | 0.43                  | -1.43    |
|  | 80% collection in respect of current debtors   | 80%              | 67%                   | -15%     |
| % of valid invoices paid within 30 days of invoice receipt   | 100% of valid invoices paid within 30 days of invoice receipt (figures as at February) | 100%             | 37%                   | -63%     |
| % Capital Expenditure Budget.  | 100% Expenditure of Approved Capital Budget.   | 75%              | 60%                   | -15%     |



It is important to note that JOSHCO's cost coverage ratio is 587 days. This implies that JOSHCO currently does not generate enough cash to cover its monthly fixed operational costs.

## **5.1 MITIGATION ACTION**

### **5.1.1 Current Ratio and Solvency Ratio**

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

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

Strategies to reduce expenditure are as follows:

- Staff costs: Overtime management by line managers and management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken. Controls around EPWP management to be strengthened.
- Utilities – Prepaid meters are being rolled out in projects budget permitting. A flat rate for water is being charged while the water meters are being sourced and installed.
- Security – Implementing of cost cutting measures are in place, i.e. lower grade guards and reduction in number of guards where possible.

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

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

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

JOSHCO management has taken a holistic view of dealing with the challenge of revenue collection and put in place necessary steps that will foster and encourage initiatives that will bolster revenue collection and ultimately establishing a book value that are sustainable and viable.

- Improved Revenue Collection: Achieved 72% collection without City Stock and 63% with City Stock for Q3 of 2024/25.
- Pre-Legal Department: Established to handle debts over 30 days, recommending recovery methods like attachment orders and evictions.
- Settlement Discounts: Offered for tenants willing to settle debts in full or reduce overdue amounts.
- Non-Reversible Payment Methods: Introduced Debi Check mandates for new accounts, lease renewals, and payment arrangements.
- Technology Enhancements: Deployed Speed Point devices for tenant convenience and biometric access for valid leaseholders.
- Implementing departmental changes to reduce costly inefficiencies, respond to new competitive markets, and develop strategies to move forward successfully.
- Introduction of in-house electricity vending system and installation of smart meters to better manage and control utility bills.

- Active call to defaulting tenants to sign acknowledgement of debt (AOD's) and make payment arrangement for long outstanding debt.
- Launch of new freeze and reversal promotion for current and historical interest charges for tenants who sign AOD's.
- Improved credit evaluation process for new tenant applications.
- The entity has identified stock that should not form part of the social housing or affordable housing portfolio. The board has approved for this stock to be returned to the city. CoJ Council has approved the transfer of this stock to CoJ Department of Human Settlements during the Council meeting held 30-31 July 2024.

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

### 6.1 DEVIATIONS ON SCM

There were no approved deviations for the quarter under review.

### 6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 31 March 2025, only 37% of valid invoices were paid within 30 days per Table 42 below. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.

**Table 43: Payments within 30 days for Quarter 3**

| Period    | Total number of suppliers payments | Total number of invoices received in the period | % Paid within 30 days | Total number of invoices not paid within 30 days | % Not paid within 30 days |
|-----------|------------------------------------|---|-----------------------|--|---------------------------|
| Quarter 3 | 832                                | 2 260   | 37%                   | 1 428  | 63%                       |

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

There were no instances of irregular expenditure identified for the quarter under review.

There is potential irregular expenditure on the year-to-date overspend of the budget of over R356 million should the entity's deficit position not reverse by the end of the financial year.

### 6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

The approved variation orders for the period under review per Table 43 below.

**Table 44: Approved variation orders for the quarter ended 31 March 2025**



| BID NUMBER           | PROJECT DESCRIPTION / SCOPE OF WORK( VARIATION ORDER)   | DEPARTMENT/ END USER           | BAC DATE         | SERVICE PROVIDER               | AWARDED AMOUNT  |
|----------------------|---|--------------------------------|------------------|--------------------------------|-----------------|
| RFQ/SA/005/2023      | THE APPOINTMENT OF A CONTRACTOR FOR REFURBISHMENT, RETOROFITTING , FURNISHING JOSHCO STUDENT ACCOMMODATION BUILDING | HOUSING MANAGEMENT             | 10 OCTOBER 2024  | GOHELA CONSTRUCTION            | R 3 174 600,59  |
| RFB/PM/UISP/010/2021 | THE APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT FOR PHASE 3 OF INFORMAL SETTLEMENT LOCATED IN REGION G             | HOUSING MANAGEMENT             | 14 OCTOBER 2024  | RIXONGILE CONSULTING ENGINEERS | R 13 176 819,38 |
|                      | THE APPOINTMENT OF A CONTRACTOR FOR DE-DENSIFICATION OF HOSTELS AND INFORMAL SETTLEMENTS OF PHASE 1B IN REGION E.   | HOUSING MANAGEMENT             | 12 DECEMBER 2024 | Pro-Power Group (PTY) LTD      | R 63 513,17     |
|                      | CONTENT EDITING, LAYOUT AND DESIGN OF THE JOSHCO INTEGRATED ANNUAL REPORT FOR THE PERIOD OF THREE YEARS             | BUSINESS PLANNING AND STRATEGY | 05 FEBRAURY 2025 | M AND R BADIRI CONSULTANT      | R127 349,55     |
|                      | THE APPOINTMENT OF A CONTRACTOR FOR TRANSITIONAL RESIDENTIAL UNITS (TRU) RESTORATIVE WORKS IN 12                    | HOUSING MANAGEMENT             | 12 DECEMBER 2024 | Tendiwanga Morula Turnkey      | R3 725 255,28   |

|  |                                |  |  |  |  |
|--|--------------------------------|--|--|--|--|
|  | SECOND<br>AVENUE,<br>REGION E. |  |  |  |  |
|--|--------------------------------|--|--|--|--|

## 6.5 AWARDS MADE FOR THE QUARTER

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

**Table 45: Awards for the Quarter**

| BID NUMBER          | PROJECT DESCRIPTION / SCOPE OF WORK   | DEPARTMENT/ END USER | MEDIA ADVERTISED                     | BAC DATE        | AWARDED SERVICE PROVIDER       | MALE/ FEMALE/ YOUTH | REASON FOR AWARD | BUDGET/ ESTIMATE VALUE | AWARDED AMOUNT  | BBBEE LEVEL |
|---------------------|---|----------------------|--------------------------------------|-----------------|--------------------------------|---------------------|------------------|------------------------|-----------------|-------------|
| RFQ/POC/002/2024    | 6GB ONLY PANEL OF CONTRACTORS FOR UPGRADES AND REFURBISHMENTS – BUILT ENVIRONMENT FOR LEVEL 6GB ONLY FOR A PERIOD NOT EXCEEDING 36 MONTHS | HOUSING MANAGEMENT   | 01 JULY 2024                         | 10 OCTOBER 2024 | 103 PANEL MEMBER               | N/A                 | WINNING BIDDERS  | N/A                    | N/A             | N/A         |
| RFQ/POC/002/2024    | 7GB ONLY PANEL OF CONTRACTORS FOR UPGRADES AND REFURBISHMENTS – BUILT ENVIRONMENT FOR LEVEL 7GB ONLY FOR A PERIOD NOT EXCEEDING 36 MONTHS | HOUSING MANAGEMENT   | 01 JULY 2024                         | 24 OCTOBER 2024 | 98 PANEL MEMBER                | N/A                 | WINNING BIDDERS  | N/A                    | N/A             | N/A         |
| RFQ/HOUSING/O1/2024 | THE APPOINTMENT OF A CONTRACTOR FOR THE RELOCATION OF INFORMAL SETTLEMENT   | HOUSING MANAGEMENT   | JOSHCO approved panel of Contractors | 10 OCTOBER 2024 | NGWANASHO GOLE /SEGABOKEN G JV | MALE                | WINNING BIDDER   | R91 000 000.00         | R 86 101 769.00 | ONE         |

| BID NUMBER                     | PROJECT DESCRIPTION / SCOPE OF WORK   | DEPARTMENT/ END USER | MEDIA ADVERTISED  | BAC DATE         | AWARDED SERVICE PROVIDER | MALE/ FEMALE/ YOUTH | REASON FOR AWARD | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT  | BBBEE LEVEL |
|--------------------------------|---|----------------------|---|------------------|--------------------------|---------------------|------------------|-------------------------|-----------------|-------------|
|                                | (KAPOK, PRECAST/VOLTA AND MAZIBUKO PARK) TO FORM ROODEPOORT PORTION 9/302)  |                      |   |                  |                          |                     |                  |                         |                 |             |
| RFQ/FIRESERVIC<br>ES/1893/2024 | THE APPOINTMENT OF A SERVICE PROVIDER FOR MAINTENANCE OF FIRE EQUIPMENT AT EKHAYA GARDENS   | HOUSING MANAGEMENT   | JOSHCO approved panel of fire equipment                 | 10 OCTOBER 2024  | VUHLURI HOLDING          | FEMALE              | WINNING BIDDER   | R 1200 000.00           | R 903 035.95    | ONE         |
| RFQ/PM/HOUSIN<br>G/001/2024    | THE APPOINTMENT OF A PROJECT MANAGER FOR THE RELOCATION OF INFORMAL SETTLEMENTS (KAPOK, PRECAST/VOLTA AND MAZIBUKO PARK) TO FARM ROODEPOORT PORTION 9/302). | HOUSING MANAGEMENT   | JOSHCO approved panel of Contractors (PROJECT MANAGERS) | 15 NOVEMBER 2024 | PHOENECIAN GROUP         | FEMALE - YOUTH      | WINNING BIDDER   | R 14 543 120.00         | R 14 778 186.80 | ONE         |
| RFQ/BEREA/001/<br>2024         | THE APPOINTMENT OF A CONTRACTOR FOR THE REBURISHMENT OF REGENT HOUSE IN   | HOUSING MANAGEMENT   | JOSHCO approved panel of Contractors                    | 12 DECEMBER 2024 | BULUMKO GROUP            | FEMALE - YOUTH      | WINNING BIDDER   | R 2 600 000.00          | R 2 088 737.99  | ONE         |

| BID NUMBER                     | PROJECT DESCRIPTION / SCOPE OF WORK   | DEPARTMENT/ END USER | MEDIA ADVERTISED  | BAC DATE         | AWARDED SERVICE PROVIDER                    | MALE/ FEMALE/ YOUTH | REASON FOR AWARD | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT  | BBBEE LEVEL |
|--------------------------------|---|----------------------|---|------------------|---|---------------------|------------------|-------------------------|-----------------|-------------|
|                                | BEREA, JOHANNESBURG, REGION F   |                      |   |                  |   |                     |                  |                         |                 |             |
| RFQ/CT LAPTOPS, EQUIP/001/2024 | THE APPOINTMENT OF A SERVICE PROVIDER TO PROVIDE ICT WITH LAPTOPS AND OTHER EQUIPMENT   | ICT                  | JOSHCO approved panel of ICT                            | 13 NOVEMBER 2024 | ONEWAY TECHNOLOGIES                         | MALE                | WINNING BIDDER   | R 2 300 000.00          | R 2 095 892.20  | ONE         |
| RFQ/PM/RIVONIA /001/2024       | THE APPOINTMENT OF A PROJECT MANAGEMENT CONSULTANT FOR THE RIVONIA SOCIAL HOUSING PROJECT   | HOUSING MANAGEMENT   | JOSHCO approved panel of Contractors (PROJECT MANAGERS) | 23 DECEMBER 2024 | RIXONGILE CONSULTING ENGINEERS AND PROJECTS | MALE                | WINNING BIDDER   | R50 000 000.00          | R57 548 050.60  | ONE         |
| RFQ/HOUSING/03/2024            | APPOINTMENT OF A CONTRACTOR FOR THE UPGRADE OF TSHEPISENG INFORMAL SETTLEMENT PORTABLE WATER SYSTEM AND INSTALLATION OF SEWER RETICULATION SYSTEM FOR EXTENSION 8 | HOUSING MANAGEMENT   | JOSHCO approved panel of Contractors                    | 04 FEBRUARY 2025 | GVK- SIYA ZAMA BUILDING CONSTRUCTION        | FEMALE              | WINNING BIDDER   | R75 000 000.00          | R73 508 156.03  | ONE         |
| RFQ/SELKIRK/003/2024           | THE APPOINTMENT OF A CONTRACTOR FOR   | HOUSING MANAGEMENT   | JOSHCO approved panel of Contractors                    | 03 MARCH 2025    | KHAVHAKONE CONSTRUCTION GROUP               | MALE - YOUTH        | WINNING BIDDER   | R215 000 000.00         | R206 109 488.72 | ONE         |



| BID NUMBER         | PROJECT DESCRIPTION / SCOPE OF WORK   | DEPARTMENT/ END USER | MEDIA ADVERTISED                     | BAC DATE      | AWARDED SERVICE PROVIDER            | MALE/ FEMALE/ YOUTH | REASON FOR AWARD | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT  | BBBEE LEVEL |
|--------------------|---|----------------------|--------------------------------------|---------------|-------------------------------------|---------------------|------------------|-------------------------|-----------------|-------------|
|                    | CONSTRUCTION OF 145 NEW SOCIAL HOUSING UNITS, AND SEWER UPGRADE, CORNER SELKIRK AVENUE AND BRAM FISCHER DRIVE, RANDBURG |                      |                                      |               |                                     |                     |                  |                         |                 |             |
| RFQ/NANCE/002/2025 | THE APPOINTMENT OF A CONTRACTOR FOR COMPLETION OF 372 SOCIAL HOUSING UNITS AT NANCEFIELD ON PORTION 7 OF ERF 1          | HOUSING MANAGEMENT   | JOSHCO approved panel of Contractors | 07 MARCH 2025 | NEW GENESIS PROPERTIES AND PROJECTS | FEMALE- YOUTH       | WINNING BIDDER   | R77 000 000,00          | R83 900 425 .46 | ONE         |

## 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 46: Expenditure by sourcing process (Nature)**

| a) Total Expenditure     |                    |                        |
|--------------------------|--------------------|------------------------|
| Nature of expenditure    | Quarter 3<br>R'000 | % of total expenditure |
| Capital Expenditure      | 75 801             | 39                     |
| Operational Expenditure  | 121 036            | 61                     |
| <b>Total Expenditure</b> | <b>196 837</b>     | <b>100</b>             |

| b) Capital Expenditure   |                    |                        |
|--------------------------|--------------------|------------------------|
| Nature of expenditure    | Quarter 3<br>R'000 | % Of Capex expenditure |
| Professional Consultants | 30 907             | 41                     |
| Contractor Payments      | 44 893             | 59                     |
| <b>Total Expenditure</b> | <b>75 801</b>      | <b>100</b>             |

| c) Operational Expenditure            |                    |            |
|---------------------------------------|--------------------|------------|
| Nature of expenditure                 | Quarter 3<br>R'000 | % Spend    |
| Procurement <R750 000                 | 0                  | 0          |
| Cleaning and Gardening                | 3 889              | 5          |
| Directors Remuneration-Board and Comm | 278                | 0          |
| Operational Expenditure               | 29 549             | 37         |
| Security Services                     | 20 492             | 25         |
| Repairs and Maintenance               | 26 727             | 33         |
| <b>Total</b>                          | <b>80 935</b>      | <b>100</b> |

## 6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 47 to 49.

**Table 47: Summary of spent to at least 51% black owned companies.**

| Period    | Total OPEX from<br>procurement activities | OPEX to at least 51% black-<br>owned companies | % Spend for the period |
|-----------|---|--|------------------------|
|           | R'000                                     | R'000  |                        |
| Quarter 3 | 76 354                                    | 72 519   | 95%                    |

| Period    | Total CAPEX from procurement activities | CAPEX to at least 51% black-owned companies | % Spend for the period |
|-----------|---|---|------------------------|
|           | R'000                                   | R'000                                       |                        |
| Quarter 3 | 93 181                                  | 86 968                                      | 93%                    |

Table 48: 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 3 | 76 354                                 | 9 435                         | 12.4%                  |

| Period    | Total CAPEX from procurement activities | CAPEX to women-owned companies | % Spend for the period |
|-----------|---|--------------------------------|------------------------|
|           | R'000                                   | R'000                          |                        |
| Quarter 3 | 93 181                                  | 9 754                          | 10.5%                  |

Table 49: 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 3 | 76 354                                  | 0                              | 0%                     |
| Period    | Total CAPEX from procurement activities | CAPEX to youth-owned companies | % Spend for the period |
|           | R'000                                   | R'000                          |                        |
| Quarter 3 | 93 181                                  | 0                              | 0%                     |

## SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

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

**Table 50:** Matters reflected in the below table are matters carried over from the previous financial year and are expected to be finalised before the end of this financial year. Parties are in the process of exchanging all the necessary court papers.

| PARTIES AND NATURE OF THE MATTER  | ATTORNEYS   | STATUS AND PROGRESSION  | INCEPTION  | OUTCOME   | COST IMPLICATIONS                                      |
|---|---|---|------------|---|--|
| 1. Applications for demolitions in respect of the Dobsonville Social Housing Project. | Madiba Motsai<br>Masitenyane &<br>Githiri<br>Attorneys Inc. | <p>The matter concerns eight properties/illegal structures surrounding JOSHCO's Dobsonville project, which are encroaching onto the site. Attorneys were appointed to institute court applications for demolitions. One matter was settled with the property-owner, two were opposed, and the remaining five were unopposed. Five demolition orders were previously executed.</p> <p><b>Progress:</b> There were two remaining structures that had to be demolished. One of the two structures was demolished on 24 January 2024. For the remaining structure, JOSHCO and the respondents reached a mutual agreement to settle the matter out of court.</p> <p>A settlement agreement was duly in the second quarter; Attorneys have applied for a hearing date at the court to have the settlement agreement formalised as a court order. In preparation for the demolition JOSHCO has submitted an activity plan and is in a process of appointing service provider who will carry out the demolition. Despite the initial delays, the service provider to carry out demolitions has been successfully appointed,</p> | 30/06/2020 | The matter is ongoing. Six demolition orders have been executed thus far. | Expenditure to date: R 785 932,29 spent on legal fees. |



|    |   |           |  |  |            |                        |  |
|----|---|-----------|--|--|------------|------------------------|--|
|    |   |           |  | <p>The appointment of the service provider was delayed due to internal processes that needed to be followed. This delay resulted in a postponement of the originally scheduled hearing dates. However, attorneys have filed for a new hearing date. Once the new hearing date is obtained, the demolition will proceed as planned.</p> <p>There has been a total of 31 eviction orders obtained since inception of eviction applications in 2019. Twenty-one of these orders have been successfully executed.</p> <p><b>Progress:</b></p> <p>Three out of four Evictions were successfully executed in the first quarter. The 4<sup>th</sup> Eviction was executed in the second quarter, and it was a resounding success. Six other eviction orders were successfully obtained during the second quarter and are awaiting confirmation of Eviction dates from the Sheriff.</p> <p>JOSHCO completed all internal processes and made required payments for the evictions to proceed, however despite numerous follow-ups with the Sheriff's office, there is an ongoing delay in obtaining confirmed dates for the evictions.</p> | 2019       | Matters are ongoing.   | Expenditure to date:<br>R 5 876 583.46<br>spent on legal fees.<br>Quarter 3 Fees:<br>R166 999.05 |
| 2. | Various evictions and recovery of outstanding rental.       | Various   |  |  | 12/09/2022 | The matter is ongoing. | Expenditure to date: R382 653.90   |
| 3. | Social Housing Movement and 5 others // JOSHCO and 3 others | ENSAfrica |  | <p>Court application lodged by the Social Housing Movement and various tenants against JOSHCO, Social Housing Regulatory Authority, CoJ Municipality, and the Department of Human Settlements (Province). The application seeks to compel JOSHCO to convert leases into rent-to-own agreements, and to further prevent JOSHCO from evicting tenants without obtaining "suitable alternative accommodation".</p> <p><b>Progress:</b> JOSHCO's attorneys obtained a court hearing date for 02 June 2025. We are currently waiting for the hearing.</p>   |            |                        |  |
| 4. | JOSHCO //Quick Prop Systems (Pty) Ltd                       |           |  | Court application instituted by JOSHCO against Quick Prop Systems (Pty) Ltd. Quick Prop Systems (Pty) Ltd was appointed by JOSHCO  | 12/03/2023 | The matter is ongoing  |  |





|    |  |  |   |            |   |                                       |
|----|--|--|---|------------|---|---------------------------------------|
|    |  |  | <p>Court must dismiss the application, if not, that the order made by the court, include a simultaneous transfer of the property.</p> <p>JOSHCO terminated the Development Agreement due to several breaches committed by the developer.</p> <p><b>Progress:</b> Registration was finalised. All legal processes related to the matter have been completed. The matter has now been formally handed over to the COO's office for development to begin. It is recommended to the Board that the matter be removed from the legal report going forward.</p>   |            |   |                                       |
| 6. | JOSHCO/Illegal occupants of the Casa Mia building                                      | Padi Attorneys                                     | <p>Eviction application lodged on an urgent basis against illegal occupants of the Casa Mia building.</p> <p><b>Progress:</b> The matter was heard on 21 November 2023 wherein the court granted an order declaring the building unsafe for occupation and instructed the city to provide alternative accommodation for the illegal occupants.</p> <p>JOSHCO engaged the Human Settlements department regarding provision of alternative accommodation and was advised that Casa Mia occupants are to be accommodated at the Transnet building that the City is acquiring through JPC. As part of the bad buildings' strategy, Casamia is earmarked for evacuation which will see the occupiers allocated to temporary emergency accommodation.</p>     | 20/09/2023 | The matter is ongoing                         | Cost incurred to date : R 638 435.07. |
| 7. | TSSN Carriers (PTY) Limited/Joshco Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228 | Madiba Motsai Masitenyane & Githiri Attorneys Inc. | <p>JOSHCO appointed TSSN Carriers (Pty) Ltd in July 2019, for construction of 145 social housing units at Randburg. The contractor never commenced work due to a few outstanding town planning issues, which JOSHCO has been in the process of resolving. In June 2023 JOSHCO terminated the contract, on the basis that there had been no work on site for a continuous period of 90 days. The contractor disputed the termination and referred the matter to adjudication.</p> <p><b>Progress:</b> Outcome of the referral to adjudication was received on 27 May 2024. The adjudicator decided that he did not have jurisdiction to decide on the matter. TSSN thereafter submitted a settlement proposal to JOSHCO, which JOSHCO rejected. TSSN</p> | 26/03/2024 | This is a new matter that was reported in Q3. | Cost incurred to date : R211 598,70   |

|  |  |  |   |  |  |  |
|--|--|--|---|--|--|--|
|  |  |  | has applied for Arbitration. Arbitration proceedings have been initiated. A pre-arbitration conference was held in September to facilitate the process. |  |  |  |
|--|--|--|---|--|--|--|

**Table 51:** The below table reflects matters wherein progress has been delayed due to various factors, such as lack of action from the other party, or challenges with locating parties for purposes of serving court papers. Legal opinions have been sourced on some of the matters, to assess JOSHCO 's merits of success, which will enable JOSHCO to take a decision on a way-forward.

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

|    |   |                               |  |            |                        |   |
|----|---|-------------------------------|--|------------|------------------------|---|
|    |   |                               | <p>practice directives in respect of enrolment of applications and the handling of the Court files.</p> <p>The legal department engaged attorneys on record and requested an opinion on the possibility of succeeding with claims against former JOSHCO officials who were involved in the transaction.</p> <p>Based on the opinion received from the attorneys, JOSHCO's merits of success with such claims would be limited as the matter has also been investigated by the Special Investigating Unit, which did not implicate specific individuals from JOSHCO. The SIU confirmed that sellers and conveyancing attorneys had also defrauded other State entities.</p> <p>During JOSHCO's engagements with the SIU, attempts were made internally by the Legal officer to retrieve background information relating to the sale/transaction, but information was limited.</p> <p><b>Criminal investigation:</b> The matter was further referred to SAPS. Upon engagements with the SAPS, JOSHCO's legal department was advised that the docket was submitted to the prosecutor for a decision, and the prosecutor advised that the Investigation Officer proceed with further investigations on the matter. Investigation Office has concluded its inquiry and resubmitted the docket to the Prosecutor's office. The matter is currently pending the Prosecutor's review and decision. (docket was submitted around December 2024)</p> | 18/12/2015 | The matter is ongoing. | Expenditure to date: R 79 940,00 spent on legal fees.<br><br>Costs/claim to be recovered: |
| 2. | <p>SKN Consulting // JOSHCO</p> <p>- Claim for damages.</p> | Tshiqi Zebediela<br>Attorneys | <p>JOSHCO had appointed SKN Consulting ("SKN") as project managers on the Randburg Selkirk project. In 2014, SKN sent a notice to JOSHCO demanding payment of professional fees, alleging that JOSHCO had failed to pay the full fees for stages one and two of the projects. JOSHCO's reasons for non-payment of the full fees related to non-performance. JOSHCO then instituted a claim against SKN for damage suffered because of their non-performance. The matter was referred to arbitration.</p>   |            |                        |   |

|  |  |  |   |  |  |  |
|--|--|--|---|--|--|--|
|  |  |  | <p>Progress: Attorneys had previously applied for a hearing date and for the matter to be placed on an unopposed motion roll. However, they have encountered challenges in obtaining service to the applicant. Despite repeated attempts by Sheriff there has no one available to receive the documents. Further the company in question has been de registered, which has complicated the service process. Our attorneys are currently exploring alternative methods to effect service and provide proof of service to court. Until this is achieved, the court will not grant a hearing date.</p> |  |  | R<br>13 926 340.53<br>spent on<br>professional<br>fees, R<br>719 340.00 for<br>damages |
|--|--|--|---|--|--|--|



## SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

As of March 2025, there is a total of thirty (30) registered claims, of these six (6) are closed (rejected and settled) and twenty-four (24) are active. During the quarter under review there were no new claims were recorded.

**Table 52: Insurance Claims as of March 2025.**

| Claim Type                  | Active    | Rejected | Settled  | New claim – Q3 |
|-----------------------------|-----------|----------|----------|----------------|
| Employee Personal Liability | 1         | 0        | 0        | 0              |
| Third-Party Liability       | 6         | 0        | 2        | 0              |
| Assets                      | 12        | 1        | 2        | 0              |
| GPA                         | 5         | 0        | 1        | 0              |
| <b>Total</b>                | <b>24</b> | <b>1</b> | <b>5</b> | <b>0</b>       |

## 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 55 below.

**Table 53: Statement of amounts owed by or to government departments and public entities.**

| Name of department                      | 31 March 2025    | 30 June 2024      | Account Status   | Comments  |
|---|------------------|-------------------|------------------|---|
| City of Johannesburg: Sweeping account  | -1 670 093 921,6 | -1 439 740 179,79 | 180 days overdue | The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.<br><br>Follow up letters have been sent to departments. |
| City of Johannesburg: Salaries          | -251 639 055,22  | -227 363 142,96   | 180 days overdue | Operational subsidy is now applied to salaries.   |
| City of Johannesburg: Municipal Charges | -104 694 928,69  | -229 454 236,21   | 180 days overdue | No settlement has been made in the quarter due to the entity's financial constraints.   |

| Name of department                                     | 31 March 2025   | 30 June 2024    | Account Status   | Comments  |
|--|-----------------|-----------------|------------------|---|
| City of Johannesburg: GCSS                             | -249 725 220,00 | -190 635 920,95 | 180 days overdue | No settlement has been made in the quarter due to the entity's financial constraints  |
| City of Johannesburg: Human Settlements                | 730 357 853,56  | 690 212 929,02  | 180 days overdue | DHS has paid JOSHCO R58 064 mil this quarter. Follow up letters have been sent to the department  |
| City of Johannesburg: Treasury                         | 5 958 169,39    | 5 958 169,39    | 180 days overdue | A meeting was held with Treasury. A commitment has been made to look into the transaction. No resolution as at the end of the quarter.  |
| City of Johannesburg: CAM                              | 73 947 916,8    | 159 300 613,61  | 180 days overdue | CAM has paid an amount of R125 mil in this quarter 2.   |
| City of Johannesburg: Health Department                | 6 634 236,29    | 8 147 298,76    | 180 days overdue | The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.   |
| City of Johannesburg: Development planning GEF Project | 4 065 148,55    | 2 141 642,45    | 180 days overdue |   |
| City of Johannesburg: JDA                              | 96 800,00       | 96 800,00       |                  |   |
| City of Johannesburg: JPC                              | 600,00          | 9 906 600,00    |                  |   |
| City of Johannesburg: Community Development            | 130 813 636,05  | 168 150 404,38  | 180 days overdue |   |
| City of Johannesburg: Legislature                      | 46 823 417,73   | 46 823 417,73   | 180 days overdue | Community Development has made a payment of R32 million in this quarter .   |
| City of Johannesburg: JMPD                             | 48 896 919,78   | 46 794 434,97   | 180 days overdue | The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.<br><br>Follow up letters have been sent to departments. |
| City of Johannesburg: EMS                              | 28 503 624,05   | 32 241 079,67   | 180 days overdue |   |
| City of Johannesburg: Office of the COO                | 22 333 381,03   | 14 853 943,35   | 180 days overdue |   |

| Name of department                         | 31 March 2025            | 30 June 2024           | Account Status   | Comments |
|--|--------------------------|------------------------|------------------|----------|
| City of Johannesburg: Transport            | 24 160 154,69            | 22 107 204,69          | 180 days overdue |          |
| City of Johannesburg- Social Development   | 14 148,77                | 2 154 547,47           | 180 days overdue |          |
| City of Johannesburg -EPWP Grant           | 4 128 723,49             | 13 418 106,58          | 60 days overdue  |          |
| City of Johannesburg- Financial Accounting | 11 125 083,34            | 0                      | 90 days overdue  |          |
| City of Johannesburg: Licencing            | 4 056 469,07             | 4 056 469,07           | 180 days overdue |          |
| <b>TOTAL</b>                               | <b>-1 134 236 842,92</b> | <b>-860 829 818,77</b> |                  |          |

# CHAPTER 6

## INTERNAL AUDIT



## SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

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

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

- Fraud Prevention and Detection Audit
- Supply Chain Management Audit
- Costing and Budget Management Audit
- Performance of Information Q2 Review
- Tender Probity Review
- Follow – up on Internal Audit Findings
- Follow – up on AGSA Findings
- Investigation of UIFWe

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

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



| Investigations |                                 |  |  |   |             |
|----------------|---------------------------------|--|--|---|-------------|
| 17             | UIFW Investigations Expenditure |  |  | X | Not Started |

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

Table 54: Resolution of Internal Audit findings for quarter 3:

| Departments                   | Total Findings | Total resolved as per Management | Total findings resolved | Total findings not resolved |
|-------------------------------|----------------|----------------------------------|-------------------------|-----------------------------|
| Finance and SCM               | 34             | 34                               | 28                      | 6                           |
| Chief Operating Officer (COO) | 48             | 48                               | 44                      | 4                           |
| Corporate Services            | 7              | 7                                | 7                       | 0                           |
| Planning & Strategy           | 2              | 2                                | 2                       | 0                           |
| <b>Total</b>                  | <b>91</b>      | <b>91</b>                        | <b>81</b>               | <b>10</b>                   |
| %                             | 100%           | 100%                             | 89%                     | 11%                         |

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

Table 55: Resolution of AGSA findings

| AG Classification  | Total Findings | Resolved | Not Resolved |
|--|----------------|----------|--------------|
| Matters affecting auditor's report   | 2              | 0        | 2            |
| Matters that should be addressed to prevent material misstatements in the financial statements or material findings. | 12             | 1        | 11           |
| Admin Matters  | 5              | 2        | 3            |
| <b>Total</b>   | <b>19</b>      | <b>3</b> | <b>16</b>    |
| %  | 100%           | 16%      | 84%          |

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

In the third quarter of the 2024/2025 financial year, Internal Audit completed six (6) audits and one (1) follow-up review. Based on the findings raised in this quarter's audits, Internal Audit concluded that the organisation's controls are generally **adequate but ineffective**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors' recommendations and resolution of audit findings. However, the level of control environment is not at a satisfactory level. Management should ensure that controls are continuously monitored, this will assist in ensuring that the organisation's objectives will be achieved.