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## Q1 QUARTERLY PERFORMANCE REPORT 2025/26



**JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED**  
**Registration No: 2003/008063/30**

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** : **2003/008063/30**

**Registered Address** : **61 Juta Street  
Braamfontein**

**Postal Address** : **61 Juta Street  
Braamfontein**

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

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

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**Bankers** : **Standard Bank of SA Limited**

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

**Approval**

<p><u>Floyd Rikhotso</u> Name &amp; Surname Chief Financial Officer</p> <p> Signature</p>	<p>Date of Approval: _____</p>
<p><u>Nokwazi Mtshali</u> Name &amp; Surname Acting Chief Executive Officer</p> <p> Signature</p>	<p>Date of Approval: <u>21/10/2025</u></p>
<p><u>Jason Sobekwa</u> Name &amp; Surname Chairperson of Audit and Risk Committee</p> <p> Signature</p>	<p>Date of Approval: <u>22 October 2025</u></p>
<p><u>ANANINI THEODORE</u> Name &amp; Surname Chairperson of the Board</p> <p> Signature</p>	<p>Date of Approval: <u>22-10-2025</u></p>
<p><u>Mlungisi Mabaso</u> Name &amp; Surname Member of Mayoral Committee</p> <p> Signature</p>	<p>Date of Approval: <u>27/10/25</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

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LEADERSHIP AND CORPORATE PROFILE



## SECTION 1: CHAIRPERSON'S FOREWORD

The first quarter of the 2025/26 financial year has once again demonstrated the resilience of the Johannesburg Social Housing Company (JOSHCO), despite the persistent challenges within its operating environment. The period under review reflects the organisation's continued commitment to fulfilling its mandate of providing affordable and sustainable housing solutions, while navigating complex financial and operational pressures.

As the Board, we remain steadfast in our responsibility to provide strategic oversight and ensure that the entity operates with accountability, financial prudence, and developmental impact. With a performance achievement of 50% for the quarter slightly below the previous quarter and a revenue collection rate of 73%, progress is evident, though the results also underscore the need for accelerated action in key performance areas.

Financial sustainability continues to be an area of concern, primarily affected by rising operating costs and persistent challenges in debtor collection. The Board notes with appreciation the remedial measures already initiated by management and emphasises that effective execution and measurable results are essential to restoring stability and improving overall performance.

We acknowledge management's efforts to stabilise revenue streams, enhance digital transformation initiatives, and strengthen expenditure controls. However, sustained leadership focus and decisive intervention remain critical to addressing the underlying performance gaps and achieving operational excellence.

Going forward, the Board will continue to exercise rigorous oversight to ensure that approved strategies yield tangible and meaningful outcomes. The communities we serve depend on our ability to deliver on JOSHCO's mandate without compromise. We remain fully committed to supporting management in their efforts to drive improvement, while maintaining our duty to uphold the highest standards of governance, accountability, and public service delivery.

**Mr. Theodore Dhlamini**  
**Chairperson of the Board**  
**Johannesburg Social Housing Company (SOC)Ltd**

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

The first quarter of the 2025/26 financial year has seen significant operational advances despite a tough economic environment. Despite external challenges, the JOSHCO team has demonstrated resilience and unwavering dedication to our core objective: delivering safe, affordable, and sustainable social housing for Johannesburg residents.

### **Service Delivery Performance**

I am proud to report strong results in key areas of our service delivery. Our commitment to providing quality housing is evident in an excellent occupancy rate of 98.75%, exceeding our target of 98%. This indicates high demand for our properties and the effectiveness of our housing management teams.

Furthermore, our dedication to social impact remains a fundamental part of our work. Through the Expanded Public Works Programme (EPWP), we created 636 job opportunities this quarter, more than double our target of 250. This initiative provides not only essential income but also valuable skills to community members, directly supporting economic growth and empowerment.

On our core mandate, progress continues at key construction sites, including Booyens Place, Nancefield, and Devland, which will collectively deliver 500 new housing units at the end of the Financial Year. These projects are essential in our ongoing effort to reduce the City's housing backlog.

### **Finance and Revenue**

While our operational achievements are commendable, we are not immune to the financial pressures affecting our tenants and the city at large. Our revenue collection for the quarter stood at 73%, below our 80% target. This is mainly attributable to various factors, such as the persistent rent boycott campaigns, which we are working tirelessly to mitigate.

The necessary expenditures on security and finance costs have resulted in an operating deficit of R105.4 million. We are addressing these challenges head-on. A key strategic move was the transfer of the City referral stock back to the Human Settlements department, allowing us to focus our resources on improving collections within our core social housing portfolio. We are also intensifying tenant engagement, implementing stricter credit control measures, and working closely with the City to resolve outstanding inter-departmental debtors.

## **Governance**

Our commitment to sound governance remains resolute. I am pleased to note that we resolved 53% of internal audit findings against a target of 30% and successfully implemented 100% of our risk action plans. This demonstrates a robust internal control environment that is vital for long-term sustainability and public trust.

As we move forward, our focus will be twofold: accelerating our housing delivery pipeline while aggressively pursuing a path to financial stability. We will continue to innovate with smart collection strategies and enhance our engagement with tenants and stakeholders to build resilient, thriving communities.

I extend my sincere gratitude to the JOSHCO Board of Directors for their strategic guidance, to the City of Johannesburg for their continued partnership, and to every member of the JOSHCO team for their hard work and dedication. Together, we will continue to build a better Johannesburg, one social housing at a time.

**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 Performance**

The revenue performance highlights the state of economic challenges that are faced by the community. The report indicates a collection rate that is below target for the period. The reasons for the rental collection being below the target are continued rent boycott campaigns from organised tenants' groups demanding ownership. child-headed households. unemployment. and pensioners. The city referral stock portfolio has been transferred to Human Settlements department during the quarter under review. This enables JOSHCO to focus on improvement of collection on social housing projects that are in line with rental units that are as per SHRA standards.

Total revenue is below the budget by R10.4 million (10%) overall and the biggest contributor to revenue earned in the current financial year is rental income, making up 43% of total revenue. Rental income is 2.88 million (6.69%) below the budget due to vacancies in commercial rental spaces in various properties in JOSHCO's portfolio. Management fees are under budget by R9.8 million (55.67%) due to the delays in validation of work done by officials of the Special project client Departments. The interest income charged on overdue rental debtors is above budget by R1.25 million (18.85%) caused by interest charged to defaulting tenants.

## Revenue Composition



■ Rental Income (43%)   
 ■ Subsidies (37%)   
 ■ Management Fees (8%)  
■ Interest Income (8%)   
 ■ Utility Recoveries (3%)   
 ■ Other Income (0%)

### Revenue Collection

JOSHCO's revenue collection target for the 2025/26 financial year is 80% collection of debtors in respect of rentals. The entity achieved an overall collection average of 73% for the year-to-date, which is 7% below the target. The entity's collection levels are 2% higher than the previous quarter's collection average of 71%, which indicates an upward trajectory as collections moved closer to the 80% target of the entity. The monthly collections for the current quarter were as follows; 71% in July 2025, 76% in August 2025 and 71% in September 2025.

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		
SHRA Projects (13)	27 784.43	-19 146.67	69%	8 637.76
JOSHCO Projects (11)	7 540.24	-6 516.97	86%	1 023.27
Retail Space (9)	1 714.46	-1 191.16	69%	523.31
<b>OVERALL COLLECTION</b>	<b>37 039.13</b>	<b>-26 854.80</b>	<b>73%</b>	<b>10 184.33</b>

The overall collection average **including City transferred stock** is 69%. This stock was handed over to CoJ Human Settlements Department on 31 July 2025.

### Expenditure Performance

The entity is in a position where the expenditure incurred is in need of analysis to identify optimization to limit the potential deficit and overspending of approved operational budget. The entity's

expenditure is mainly in relation to the nature of the business that involves construction and maintenance of social housing and student accommodation.

Total expenditure for the quarter is R198.9 million, which represents a 82% overspending of the year-to-date budget of R109 million. Key factors that caused the overspending are as follows.

- Overdraft of sweeping balance as a result of JOSHCO paying service providers for special projects where departments are not settling with JOSHCO have resulted in significant finance costs incurred amounting to R34.8 million. This expenditure exceeds budget by R34.5 million.
- Security of City-owned property is a mandate of another entity and therefore the security JOSHCO incurs to keep tenants and construction sites secured and safe is not budgeted for, however the entity has a responsibility to tenants to keep properties safe. Therefore, security costs amounting to R18.1 million exceed budget by R17.6 million.
- Utilities expenses continue to be significant and require further analysis as these may be subject to billing errors that need the entity to investigate to adequately address the matters. The expenditure for the quarter amounted to R55.98 million, which exceeds budget for the quarter by R38.8 million.
- Employee costs amounted to R60 million for the quarter, which is R3.3 million (6%) over budget due to salary adjustments for PFA and EPWP employees where extensions were granted while funding from the grant was not yet confirmed.

### **Profitability**

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 September 2025 resulted in a deficit of R105.4 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.

### **Cash Flow Management**

Cash and cash equivalents balance as at 30 September 2025 is R23.1 million. The tenant deposit account has a balance of R20.81 million. The old SHRA account has a balance of 2.2 million. An amount of about R2 billion represents the entity's portion on the CoJ sweeping account and is disclosed as a current liability (Loans from shareholders)

## SHRA Trust Account

The entity has a trust account where SHRA disbursements are received to ensure funds are ring-fenced for spending on SHRA projects. The account was opened after Board approval and is managed by attorneys on our behalf. The balance of the account is disclosed as a sundry receivable in JOSHCO AFS. The table below shows the movement in the trust account.

Description	30-Sep-25 (R'000)	30-Jun-25 (R'000)
Opening balance	25 747	45 411
Interest earned on bank balance	266	2 240
Amounts received from SHRA	-	27 851
Payments made to service providers	-	(49 755)
<b>Closing balance</b>	<b>26 013</b>	<b>25 747</b>

The tables below summarize the financial performance of the entity for the quarter with a comparison to the same period in the previous financial year.

### Actual Operational Budget

	Actual Prior year 30 Sept 2024 R'000	YTD Actual R'000	YTD Budget R'000	Variance R'000	% of actual against budget
<b>Revenue</b>	93 250	93 442	103 839	10 396	90%
<b>Operating costs (before interest)</b>	(164 735)	(164 042)	(108 748)	(55 294)	150.48%
<b>Interest expense</b>	(30 768)	(34 810)	(263)	(34 548)	13 161%
<b>Total operating costs</b>	(195 503)	(198 852)	(109 011)	(89 842)	182.41%
<b>(Deficit)</b>	<b>(102 253)</b>	<b>(105 410)</b>			

## Ratios

Key Performance Area	Actual 30 September 2025	Actual 30 September 2024
Current ratio	0.37:1	0.48:1
Solvency ratio	0.38:1	0.50:1
Salaries to expenditure ratio	30%	26%
Revenue	R93.44 million	R93.25 million
Expenditure (including taxation)	R198.85 million	R195.50 million
(Deficit)	(R105.41 million)	(R102.25 million)
Total net liabilities	(2.14 billion)	(1.48 billion)
Capital expenditure	32%	25%

### CAPEX Expenditure

The approved adjustment capex budget for the 2025/26 financial year is R206.6 million (24/25: R270.8 million) funded from external funding sources (EFF). As at 30 September 2025, JOSHCO's verified spend for the quarter under review is 32% against a cumulative target of 25%.

	<b>2025/2026 Annual Budget R'000</b>	<b>Target YTD R' 000</b>	<b>Actual YTD R' 000</b>	<b>Target %</b>	<b>%Actual / Annual budget</b>
<b>Capex for 2025/2026 FY</b>	206 637	51 659	66 155	25%	32%

**Mr Floyd Rikhotso**  
**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 (Mol) 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).
4. Implement Special projects on behalf of CoJ Department.

**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	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
Provide a resilient, livable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	Sustainable human settlements	Sustainable human settlements	Sustainable Service Delivery	To be a smart and capable entity	Achievement of all Service Level Standards, as per Service Delivery Agreement Well maintained and clean JOSHCO properties Alignment with SHRA’s requirements, as regulator
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Job-intensive economic growth Promotion and support to informal and micro businesses Increased competitiveness of the economy A ‘Smart’ City of Johannesburg, that can deliver quality services to citizens in an efficient and reliable manner (cross cutting output)	Job-intensive economic growth Promotion and support to informal and micro businesses Increased competitiveness of the economy	Job Opportunity & Creation	To be a smart and capable entity	Upliftment of communities through provision of financial and non- financial support to local SMMEs on construction projects Skills development and job creation through EPWP programme
Provide a resilient, livable, sustainable urban environment – underpinned by	Sustainable human settlements	Sustainable human settlements	Sustainable Service Delivery	Develop & manage social housing and Student Accommodation	Large scale delivery of social housing and affordable housing units across the city

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
smart infrastructure supportive of a low carbon economy				Develop & manage Affordable rental housing Implement housing development projects for the COJ Provide assigned municipal services (Human Settlements)	Development of student accommodation precinct Preserved and well-maintained buildings that meet acceptable living conditions
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated, and globally competitive Gauteng City Region	A responsive, accountable, efficient and productive metropolitan government Financially sustainable and resilient city	Partnerships, intergovernmental & international relations A responsive, accountable, efficient and productive metropolitan government Financially sustainable and resilient city Meaningful citizen participation and empowerment Guaranteed customer and citizen care and service	Financial Sustainability	To be a smart and capable entity	Working towards a solvent company Improved revenue collection Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) An Unqualified Audit Opinion Sound reputation in terms of payment of suppliers within 30 days Effective and efficient business processes Improved tenant satisfaction through proactive tenant education and engagement programme Customer satisfaction targets achieved and improved Improved visibility of JOSHCO brand
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	A 'Smart' City of Johannesburg, that can deliver quality services to citizens in an efficient and reliable manner	Smart City of Johannesburg, that can deliver quality services to citizens in an efficient and reliable manner. A responsive, accountable, efficient	Smart City	To be a smart and capable entity	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)

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
	(cross cutting output)	and productive metropolitan government Meaningful citizen participation and empowerment Customer satisfaction			Improved application and leasing processes, supported by automation of processes Seamless business continuity supported, through effective backup and disaster recovery systems



# 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 the 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 2 below lists the eleven Non-Executive Directors, two (2) Executive Directors, and three (3) Independent Audit Committee members.

**Table 2: Board Composition as at 30 September 2025.**

Board Member	Capacity	Race	Gender	Status	Qualification
Mr. Theodore Dhlamini <b>*Appointed on 31 July 2024</b>	Non-Executive Director	Black	Male	Active	Post Graduate Diploma in Management.
Mr. Zamikhaya Wauthus Xalisa <b>*Resigned on 11 August 2025</b>	Non-Executive Director	Black	Male	Resigned	Masters in Sustainable Agriculture (MSA) Masters in Business Administration (MBA)
Mr Albert Baloyi <b>*Resigned on 31 March 2025</b>	Non-Executive Director	Black	Male	Resigned	BCom Accounting
Mr. Lawrence Mduduzi Ndlovu <b>*Appointed on 31 July 2024</b>	Non-Executive Director	Black	Male	Active	Bachelor of Arts in Philosophy Bachelor of Divinity Master of Theology Being a Director 1 – Short Course The Governance of Ethics – Short Course
Adv Ntokozo Mjiyako <b>*Appointed on 31 July 2024</b>	Non-Executive Director	Black	Male	Active	LLB PDM-S MPhil
Ms. Bayiphiwe Simelane <b>*Appointed on 31</b>	Non-Executive Director	Black	Female	Active	Diploma in Public Relations and Communication

Board Member	Capacity	Race	Gender	Status	Qualification
<b>July 2024</b>					
Ms. Thandeka Tshabalala <b>*Appointed on 31 July 2024</b>	Non-Executive Director	Black	Female	Active	BCom Accounting Post Graduate Diploma in Financial Planning
Mr Musa Shibambu <b>*Appointed on 31 July 2024</b>	Non-Executive Director	Black	Male	Active	Master of Philosophy in International Business
Ms. Tabisa Poswa <b>*Appointed on 31 July 2024</b>	Non-Executive Director	Black	Female	Active	B JurisLLB
Mr Jason Sobekwa <b>*Appointed on 31 July 2024</b>	Non-Executive Director	Black	Male	Active	Bachelor of Accounting Post Graduate Diploma- Financial Management Masters in Business Administration Chartered Management Accountant ACMA. (CGMA) CA(SA)
Dr Thulani Alfred Mdadane <b>*Appointed on 31 July 2024</b>	Non-Executive Director	Black	Male	Active	MBA MSC M.Phil. PHD
Mr. Floyd Rikhotso	Executive Director	Black	Male	(Appointe d CFO on 07 July 2025)	BCom Accounting BCom Honours Certificate in Municipal Financial Management CA (SA)
Ms. Nokwazi Mtshali	Executive Director	Black	Female	(Appointe d as acting CEO on 26 August 2024)	Bachelor of Arts Degree in Media and Communication Postgraduate Diploma in Management in the field of Public and Development Sector Monitoring and Evaluation Certificate in Municipal Financial Management
<b>Independent Audit Members</b>					
Mr. Obed Thenga	Independent Audit Committee Member	Black	Male	Active	BCom Honours
Dr Steven Piet Ngobeni	Independent Audit Committee Member	Black	Male	Active	National Diploma (Town/Urban and Regional Planning) BTech degree (Town/Urban and

Board Member	Capacity	Race	Gender	Status	Qualification
					Regional Planning) MA (Development Studies) MSc (Built Environment) MPA (Public and Development Management) LLM (International Business) PhD (Real Estate)
Ms. Thulisile Mfusi	Independent Audit Committee Member	Black	Female	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 30 June 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

\*Resigned 31 March 2025

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: -

<b>Social, Ethics &amp; HR Committee as at 30 June 2025</b>	
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:

<b>Development Committee as at 30 June 2025</b>		
1.	Ntokozo Mjiyako	Non-Executive Director (Chairperson)
2.	Thulani Mdadane	Non-Executive Director
3.	Musa Shibambu	Non-Executive Director
4.	Theodore Zithulele Dhlamini	Non-Executive Director
5.	Ntokozo Mjiyako	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

- The Board held two **(2)** Board meeting in Q1 of 2025/26 FY (Ordinary Board Meeting – 21 July 2025). (Special Board Meeting – 29 August 2025).
- The Audit and Risk committee held two **(2)** ARC Meetings (Ordinary ARC meeting 14 July 2025). (Special ARC Meeting 27 August 2025).
- The Social, Ethics and Human Resource Committee held one **(1)** Meeting (Ordinary Social. Ethics and Human Resource Meeting – 09 July 2025).
- The Development Committee held one **(1)** meeting (Ordinary Development Committee Meeting – 09 July 2025).

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

**Table 3: Board Meeting attendances as at 30 September 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	1	0	0
Mr Albert Baloyi	0	0	0
Mr Lawrence Mduduzi	1	0	0
Mr Ntokozo Mjiyako	1	0	0
Ms Bayiphiwe	1	0	0
Ms Thandeka	1	0	0
Mr Musa Shibambu	1	0	0
Ms Tabisa Poswa	1	0	0
Mr Jason Sobekwa	1	0	0
Dr Thulani Alfred	0	0	0
Ms Nokwazi Mtshali	1	0	0
Mr Floyd Rikhotso	1	0	0
Musa Nkosi	1	0	0
Sello Mothotoana	0	0	0

**Table 4: Board Committee Meetings attendances as at 30 September 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>2</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	0	0	0	-	-	-	-	-	-
Mr Lawrence Mduduzi Ndlovu	-	-	-	-	-	-	1	0	0
Mr Ntokozo Mjyako	-	-	-	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	2	0	0	-	-	-	-	-	-
Dr Thulani Alfred Mdadane	-	-	-	1	0	0	-	-	-
Mr Obed Thenga	2	0	0	-	-	-	-	-	-
Ms Thulisile Mfusi	2	0	0	-	-	-	-	-	-
Dr Piet Ngobeni	2	0	0	-	-	-	-	-	-
Ms Nokwazi Mtshali	2	0	0	1	0	0	1	0	0
Floyd Rikhotso	2	0	0	1	0	0	1	0	0
Mr Musa Nkosi	2	0	0	1	0	0	1	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 Q1 of the FY 2025/26.

**Table 5: Board of Directors Remuneration as at 30 September 2025.**

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R41 080.00
Mr Zamikhaya Wauthus Xalisa	Non-Executive Director	R33 440.00
Mr Albert Baloyi	Non-Executive Director	-
Mr Lawrence Mduduzi Ndlovu	Non-Executive Director	R35 530.00
Mr Ntokozo Mjyako	Non-Executive Director	R35 530.00
Ms Bayiphiwe Simelane	Non-Executive Director	R33 440.00
Ms Thandeka Tshabalala	Non-Executive Director	-
Mr Musa Shibambu	Non-Executive Director	R33 440.00
Ms Tabisa Poswa	Non-Executive Director	R33 440.00
Mr Jason Sobekwa	Non-Executive Director	R35 530.00
Mr Thulani Alfred Mdadane	Non-Executive Director	-
<b>Total</b>		<b>R281 430.00</b>

**Table 6: Independent Audit and Risk Committee members' remuneration as of 30 September 2025**

Name	Designation	Remuneration
Mr Obed Thenga	Independent Audit Member	R16 720.00
Mr Steven Piet Ngobeni	Independent Audit Member	R16 720.00
Ms Thulisile Mfusi	Independent Audit Member	R16 720.00
<b>Total</b>		<b>R50 160.00</b>

**Table 7: Executive Management remuneration as at 30 September 2025.**

Name	Designation	Remuneration
Mr Molapane Mothotoana	Chief Executive Officer	R 190 884.42
Ms Nokwazi Mtshali	EM: Planning & Strategy/ Acting CEO	R 544 972.65
Mr Melusi Ndima	Chief Operations Officer	R 560 104.16
Ms Madonna Rangaka	Company Secretary	R 375 339.03
Mr. Floyd Rikhotso	Chief Financial Officer	R 633 997.27
<b>Total</b>		<b>R 2 305 297.53</b>

\* Mr. Mothotoana paid final leave payment

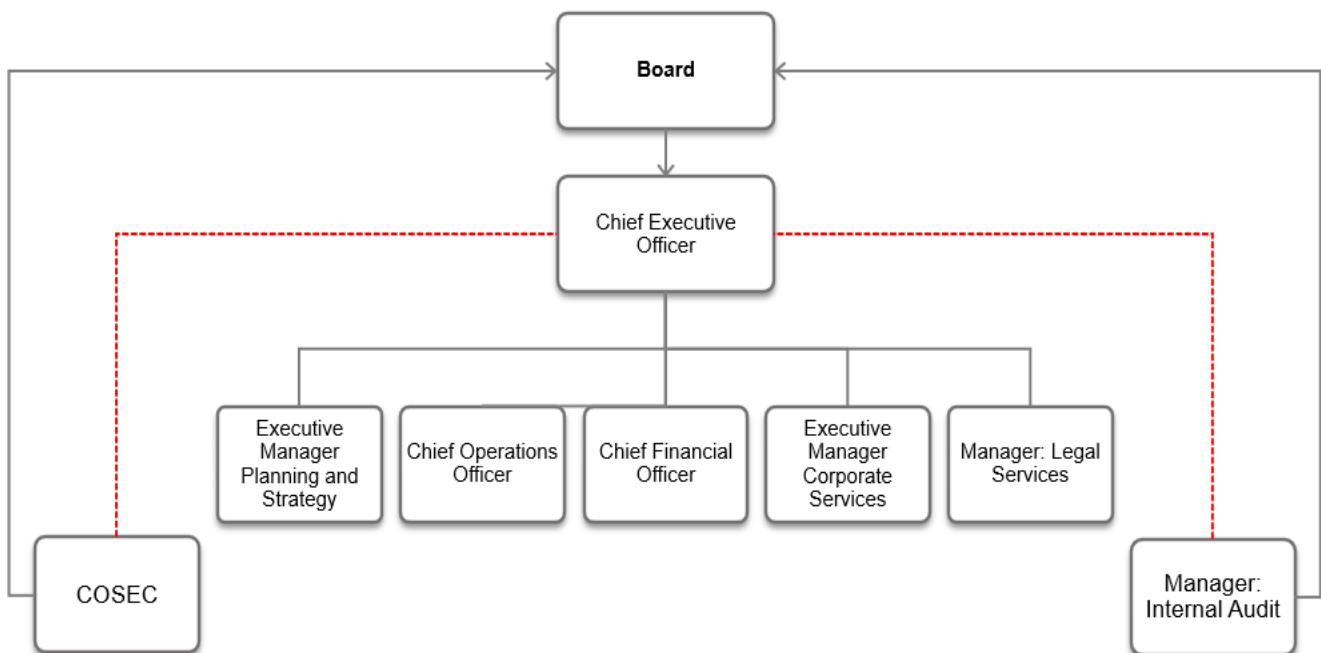
\* Ms. Rangaka paid for July 2025 and August 2025

## 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, tenancing 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 08: JOSHCO has a total of seven identified risks in its approved strategic risk register.
- In the report, only five risks are highlighted. The report focuses on those risks which are rated as high risks and are considered priority risks requiring urgent management attention.

**Table 8: JOSHCO Top 5 Strategic Risks as of 30 September 2025**

<b>N O.</b>	<b>RISK DESCRIPTION</b>	<b>RESIDUAL RISK RATING</b>	<b>ACTIONS TO IMPROVE MANAGEMENT OF THE RISK</b>	<b>MITIGATION PROGRESS TO DATE</b>	<b>STATUS</b>
<b>1</b>	Aging Infrastructure	<b>Very High</b>	Prioritisation of the CAPEX budget to major upgrades to reduce frequent unplanned maintenance costs	A Standard Operating Procedure (SOP) has been developed to assist and ensure that frequent unplanned maintenance costs are reduced The maintenance process is developed and awaiting approval from the Chief Operation Officer	<b>Implemented</b>
			Conduction of the Multiyear Building Conditional Assessment subject to budget approval	The Multiyear Building Conditional Assessment is designed as a three-year assessment, with the last report completed in 2022 The next assessment was due in June 2025. however, it has not been conducted due to poor planning and lack of budget allocation It is also observed that the recommendations from the prior assessment were neither implemented nor budgeted for	<b>Not Implemented</b>
<b>2</b>	Loss of stakeholder confidence	<b>High</b>	Monitor and track the implementation of the Stakeholder Engagement Plan on quarterly bas	The Stakeholder Engagement Plan is monitored and tracked continuously, during the quarter under review six tenants' education trainings were held. The Tenant Training Workshop was designed to guide leaseholders through the JOSHCO Tenants' Training Manual, which served as the foundation for the session. This official document offers comprehensive support and information to tenants throughout the duration of their lease. By engaging with the manual during the workshop, tenants were equipped with essential knowledge and practical skills to make informed decisions regarding their tenancy, communicate effectively with JOSHCO, and maintain a successful, compliant tenancy.	<b>Implemented</b>

N O.	RISK DESCRIPTION	RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	MITIGATION PROGRESS TO DATE	STATUS
				<p>These were held at the following projects:</p> <ul style="list-style-type: none"> <li>Kliptown Square</li> <li>Turfontein</li> <li>Fleurhof Riverside</li> <li>City Deep</li> <li>Fleurhof Junction</li> <li>Pennyville Flats</li> </ul>	
			Intervention of Social facilitators where there is an unrest	<p>During the quarter under review, there were unrests in different JOSHCO projects in relation to the EPWP placement process, the Stakeholder Relations Unit had to intervene accordingly</p> <p>The Stakeholder Relations Unit was facilitating the meetings and discussions between JOSHCO and the affected stakeholders</p>	<b>Implemented</b>
			Investigate alternative ways to automate responses for rejected applicants	<p>The ICT Department have started with investigating alternative ways to automate responses for rejected applicants</p> <p>The Marketing and Communication unit issues posters and videos on all JOSHCO social media platforms to raise awareness on the rejected applications</p>	<b>Implemented</b>
			Investigate the possibility of utilising COGTA Hotline services for reporting of fraudulent activities	<p>An analysis was conducted in relation to the possibility of utilising COGTA Hotline services for reporting of fraudulent activities</p> <p>The COGTA Hotline is a national service, and it was therefore concluded that the City's Whistle Blowing Hotline will be utilised</p> <p>Fraud and Corruption disclaimer signages were installed on all JOSHCO projects to increase visibility of the Whistle Blowing Hotline.</p> <p>Risk and Compliance provides awareness on the usage of the COJ reporting channels during tenant education sessions</p>	<b>Implemented</b>

N O.	RISK DESCRIPTION	RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	MITIGATION PROGRESS TO DATE	STATUS
			Ad-hoc stakeholder engagement meetings or round table discussions with the affected stakeholders.	<p>During the quarter under review, the Stakeholder Relations Unit conducted six round table meetings at the following projects:</p> <p>Devland 106 Claim Street African Diamond, Textile Union Square Lufhereng</p> <p>These round tables are a key tool for JOSHCO to maintain effective communication, enhance stakeholder participation, and ensure projects are delivered efficiently and equitably</p>	<b>Implemented</b>
			Conduct a survey on public perception.	<p>Four public surveys were conducted during the quarter under review; these were done at the following projects:</p> <p>Turffontein Kliptown Fleurhof City Deep</p> <p>The purpose of these surveys is to gather information in relation to challenges faced by tenants and therefore formulate action plans on how to improve</p>	<b>Implemented</b>
			Implementation of ethics program	The Ethics Program has been implemented within the organisation, as part of the program, sixteen trainings were conducted in quarter one with different departments	<b>Implemented</b>
			Proactively notify applicants once a project has been fully tenanted e.g. Issue a communication on all social media platforms	The Marketing & Communication Unit continuously issue posters and videos on all JOSHCO social media platforms, to notify applicants once a project has been fully tenanted	<b>Implemented</b>

<b>N O.</b>	<b>RISK DESCRIPTION</b>	<b>RESIDUAL RISK RATING</b>	<b>ACTIONS TO IMPROVE MANAGEMENT OF THE RISK</b>	<b>MITIGATION PROGRESS TO DATE</b>	<b>STATUS</b>
			Integration between Housing Management Department and Customer Relations Office	There are continuous and ongoing meetings held between Housing Management Department and Customer Relations Office to ensure integration of processes	<b>Implemented</b>
<b>3</b>	Inability to deliver capital projects on time	<b>High</b>	Submit request for additional funding during budget adjustment period (Bi-annually)	The request for additional funding will be done during the budget adjustment period, the process will commence during the second quarter of the 25-26 FY and thereafter the feedback will be provided in the third quarter	<b>The action plans are not due for reporting</b>
			Blacklisting of non-performing contractors	Three (3) contractors were terminated, however there were no contractors blacklisted for non-performance	<b>In-progress</b>
			Implementation and monitoring of the Stakeholder Engagement Plan upon new developments	During the quarter under review, the Stakeholder Relations Unit attended three (3) site progress meetings at Devland Phase 3 project	<b>Implemented</b>
			Persuading/Petitioning with statutory bodies	Continuous engagements with statutory bodies are held. The statutory bodies that JOSHCO is frequently in contact with are Joburg Water, City Power and Development Planning.	<b>Implemented</b>
<b>4.</b>	Inability to continue as a going concern	<b>Medium</b>	Develop and implement an accelerated stakeholder engagement program targeted at problematic projects	The Stakeholder Engagement Plan is monitored and tracked continuously	<b>Implemented</b>
			Develop a plan to acquire buildings (affordable and student accommodation) from the inner city (Mix-use approach)	The plan had been developed, and engagements were undertaken to acquire buildings in the inner city This was done in relation to expanding social housing, affordable housing, and student accommodation through a mixed-use approach	<b>Implemented</b>
			Develop a plan and identify Public Private Partnerships (PPPs), other grants and expression of interests.	A Plan has been developed and JOSHCO has implemented PPPs by partnering with private developers, contractors, and service providers for housing delivery, facilities management, and utilities	<b>Implemented</b>

N O.	RISK DESCRIPTION	RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	MITIGATION PROGRESS TO DATE	STATUS
			Initiate a request to be granted permission to execute work on behalf of other departments and entities through the City Manager 'office.	Due to poor and slow settlement of previous work by the CoJ Departments, Management has resolved to recover the long outstanding debt prior to accepting more work from departments until previous debt is settled	Implemented
			Utilise the SHRA share allocated for maintenance	Available funds from the SHRA account are utilized for maintenance e.g. Ekhaya Gardens	Implemented
			Implementation of the Organisational Turnaround Strategy	The Organisational Turnaround Strategy is specifically incorporated within the approved long-term strategy. Implementation is currently taking place	Implemented
			Centralise SCM processes for repairs and maintenance	SCM processes have been centralised within the SCM unit for repairs and maintenance An SOP for the centralisation of SCM processes for repairs and maintenance has been developed	Implemented
			Enforcement of Service Level Agreements with departments and entities	Service Level Agreements with departments and entities are continuously enforced	Implemented
			Continuous engagements with departments and entities to make payments.	While engagements are continuing monthly, the CFO and COO have also initiated an intervention process where they are targeting the departments that owe JOSHCO in descending order (i.e. from highest balance to lowest)	Implemented
			Escalation to Group Finance to intervene with regards to payments by departments and entities	Escalations to Group Finance to intervene with regards to payments by departments and entities is ongoing	Implemented
			Implementation of the comprehensive check list.	The comprehensive check list is continuously implemented	Implemented
			Deploy a team to explore possibilities of executing work on behalf of the provincial government	Engagements were held to explore potential collaboration with other organs of state in expanding social and affordable housing, as well as student accommodation	Implemented

N O.	RISK DESCRIPTION	RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	MITIGATION PROGRESS TO DATE	STATUS
5.	Governance Failures	Medium	Recruitment and appointment of vacant Executive positions	The recruitment and appointment of vacant executive positions has commenced, to date, the Chief Operations Officer and Chief Financial Officer positions have been filled	Implemented
			Development of a Self-Control Assessment Framework	The Self-Control Assessment Framework has been developed and awaiting approval	Not Implemented
			Implementation of the Ethics Program.	The Ethics Program has been implemented within the organisation, as part of the program, sixteen (16) trainings were conducted in quarter one with different departments	Implemented
			Establish and formalise the Ethics Committee	The Ethics Committee has been established and formalised, furthermore, ethics ambassadors for each department were appointed	Implemented
			Implementation of the Change Management Plan	The implementation of the Change Management Plan at JOSHCO is not a standalone initiative but is fully integrated into the organization's approved Long-Term Strategy that is currently being implemented This ensures that all change-related activities are directly aligned with JOSHCO's strategic priorities and long-term objectives	Implemented

### 3.2. STRATEGIC RISK RESIDUAL RISK MOVEMENT – ANALYSIS

Below is the summary of the strategic risks residual risk rating movement assessed:

There were thirty-seven strategic risks action plans due for implementation in the first quarter

Thirty-three strategic risks action plans were implemented and resulting to 89% implementation of action plans

Three strategic risk action plan was not implemented, and one action plans is currently in progress:

- Conduction of the Multiyear Building Conditional Assessment subject to budget approval (Risk no 1 - Aging Infrastructure)
- Development of a Self-Control Assessment Framework (Risk no 5 - Governance Failures)
- Conduct stakeholder engagements prior to installation of biometrics in high-risk projects (Risk no 6-Increased safety and security incidents at JOSHCO facilities)
- Backlisting of non-performing contractors (Risk no 3 - Inability to deliver capital projects on time) – The action plan is in -progress
- 

**Table 09: Indicate the monitoring results for action plans due in the first quarter:**

Strategic Risks Monitoring	Action Plans	% Implementation
Implemented	33	89%
Not Implemented	3	8%
In-Progress	1	3%
<b>Total</b>	<b>37</b>	<b>100%</b>

### 3.3. INFORMATION ON EMERGING/NEW RISKS

Financial Sustainability and Revenue Collection

The current economic climate—marked by slow economic growth, high unemployment, and inflationary pressures—is weakening the ability of tenants to meet their rental obligations. This directly threatens JOSHCO’s operating model, which relies heavily on consistent revenue streams to fund operations, maintain existing housing stock, and roll out future housing projects.

Disruptions to income inflows caused by tenant defaults, inefficiencies in revenue collection, and external macroeconomic shocks may impair JOSHCO’s ability to deliver on its core mandate of providing safe, affordable, and sustainable housing in the City of Johannesburg. Such disruptions

could negatively affect stakeholder confidence, damage JOSHCO's reputation, and increase reliance on external financial support.

**Specific risks to JOSHCO include:**

- **Increased Arrears and Defaults:** Rising unemployment may lead to higher tenant non-payments, reducing JOSHCO's cash inflows.
- **Revenue Collection Weaknesses:** Gaps in billing, enforcement, and tenant education may worsen arrears and cash flow challenges.
- **Operational Strain:** Reduced income may limit JOSHCO's ability to sustain essential services such as maintenance, utilities, and security.
- **Affordability Pressures:** To cover financial shortfalls, JOSHCO may be forced to increase rental tariffs, which could reduce affordability and increase tenant dissatisfaction.
- **Delayed or Stalled Projects:** Financial strain may cause delays in the delivery of new housing developments and compromise the upkeep of existing stock.
- **Reputational Risk:** Failure to maintain service quality and affordability may erode JOSHCO's credibility as a trusted affordable housing provider.

**Mitigation Actions**

For JOSHCO to safeguard its financial sustainability and ensure continuity in delivering affordable housing:

- **Enhance Tenant Engagement and Education:** Conduct regular tenant awareness campaigns on rental obligations and financial literacy. Offer early engagement strategies for tenants in arrears, including structured repayment plans.
- **Operational Efficiency and Cost Containment:** Prioritize essential services and optimize resource allocation to reduce unnecessary expenditure. Introduce cost-saving technologies in utilities, maintenance, and security.
- **Risk Monitoring and Early Warning Systems:** Regularly assess tenant payment trends, arrears ratios, and economic indicators to anticipate revenue shocks. Report emerging risks promptly to the board and embed financial sustainability in risk management frameworks.
- **Reputation and Stakeholder Management:** Maintain transparent communication with stakeholders, funders, and tenants on measures taken to

address financial risks. Proactively manage service delivery to safeguard JOSHCO’s credibility as a trusted affordable housing provider.

### 3.4. BUSINESS CONTINUITY MANAGEMENT

The Business Continuity Committee, chaired by the Executive Manager responsible for Planning and Strategy and supported by the COO, CFO, and key management team, met in September 2025 for its quarterly meeting.

During the session, the committee discussed key aspects of business continuity in detail. This included a review of the business continuity governance documents, namely the policy, terms of reference, and the business continuity plan, the declaration of secrecy to ensure confidentiality, integrity, and robust security protocols, the health and safety plans for the current financial year and the ICT report highlighting system resilience and ongoing improvements.

The committee remains committed to strengthening business resilience through continuous assessment, preparedness, and strategic planning and meets quarterly to review key business continuity matters.

### 3.5. INSURANCE CLAIMS AGAINST/TO MOE

As at the beginning of July 2025, there was total of Twenty-Three (23) active claims, of these ten (10) are closed (settled and rejected) and thirteen (13) are active. No New cases were recorded.

**Table 10: Insurance Claims as of September 2025.**

Claim Type	Active	Rejected	Settled
Employee Personal Liability (EPL)	0	0	0
Third-Party Liability	5	2	0
Assets	5	2	4
Group Personal Accident (GPA)	3	1	1
<b>Total</b>	<b>13</b>	<b>5</b>	<b>5</b>

Continuous monitoring and follow ups on active claims are done to keep track of these claims.

## 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. which states “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***

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.

JOSHCO has an approved 2025/2026 Anti-fraud, Prevention and Corruption Implementation Plan and the table below provides an overview of the progress made on planned activities during quarter one.

- 89% activities were completed and
- 11% are in-progress

**Table 11: Activities implemented during first quarter**

NO.	DESCRIPTION	Q1 PROGRESS
1.	Conduction of Monitoring of Fraud Risks action Plans	Completed
	Review and update the Anti-Fraud and Corruption Policy, SOP, Strategy and Plan)	Completed
	Coordinate training, posters, and workshops across departments.	<ul style="list-style-type: none"><li>• Installed Fraud signages at all JOSHCO projects and head office</li><li>• Distribute fraud posters during Fraud awareness sessions at tenants’ education sessions</li></ul>
	Awareness external/public sessions per month (two Sessions per month)	Completed
2.	Promote whistleblowing channels and monitor reported cases	Completed
3.	Monitoring of recommendations on completed GFIS Investigations	Completed
4.	Maintain a live register of reported fraud cases with resolution status (GFIS)	Completed
	Monthly follow-up meetings with G-FIS on reported cases	Completed
	Presentation of quarterly fraud-related reports to the Audit & Risk Committee and EXCO	Not yet due

### 4.1. FRAUD AND CORRUPTION INVESTIGATIONS

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:

- Total Cases Reported: 15
- Closed Cases: 8 (52%)
- Ongoing Cases: 7 (48%)

The table 12 below shows cases which were closed by GFIS

No.	ALLEGATION
1.	Alleged Fraud and Corruption at JOSHCO
2.	Unauthorized filming at Roodepoort property (aired on Moja Love Channel 157)
3.	Impersonation of MMC Mabaso soliciting money for house allocation
4.	Switching of employee's bank details with her consent
5.	Housing fraud at Devland Project (fraudulent allocation of houses)
6.	Hiring of friends and family members (nepotism)
7.	Selling of JOSHCO flats in Lufhereng (posing as a city employee, R3,000 per flat).
8.	Fraudulent leasing of a Bachelor, 1-Bathroom Unit at Devland

The table 13 below shows cases which are still open with GFIS

ALLEGATION	CURRENT STATUS
Irregularities in the appointment of ICT Manager, with allegations of nepotism and favouritism in recruitment.	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Final report expected by end of Q1 2025/26.</li> </ul>
Fraudulent debit orders deducted from JOSHCO Standard Bank account (MFC Vehicle, Tekkitown Sneakers, Virgin Active Gym, Truworths, Sanlam).	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• SAPS case was closed.</li> <li>• GFIS continuing investigation.</li> <li>• Several Joshco implicated employees resigning and makes the case delayed.</li> <li>• Only one is still in employment (Bookkeeper)</li> <li>• Report due Q3 2025/26.</li> </ul>
Alleged fraud and corruption in the management of commercial shops and outdoor advertising.	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Final report expected by end of Q1 2025/26.</li> </ul>
Alleged fraud and corruption by JOSHCO Bookkeeper.	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Investigated through the JOSHCO panel of attorneys</li> <li>• Legal Services to provide update</li> </ul>
Fraudulent collection of money from 40 occupants at 5 Vlakvoeltjie Road, Princess, Roodepoort.	<ul style="list-style-type: none"> <li>• In progress</li> <li>• The investigator returned from long leave and is prioritizing the case</li> </ul>
Cybercrime: cloning of JOSHCO WhatsApp to divert messages and payments.	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Case reallocated at GFIS.</li> <li>• Meetings with JOSHCO have started and more are underway.</li> </ul>
Breach of security: misuse of JOSHCO social media to defraud and solicit bribes.	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Case reallocated at GFIS. Engagement between JOSHCO and GFIS continues.</li> </ul>

## 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

The Disaster Recovery Test was conducted on the 1<sup>st</sup> of August 2025 and was completed successfully. This comprehensive test aimed to assess the efficiency and effectiveness of Johannesburg Social Housing Company Disaster Recovery (DR) procedures.

1. Test performed for Johannesburg Social Housing Company
2. Tested the below-mentioned VM replica in the DR site on the 01/08/ 202.
3. Offsite DR Xneelo (Samrand) - Total Restore Time: 4:30 Hours Restore Time from 15:00 to 18:30

Machine Name	Production	Status	DR Site	Status	Data Verified
JSHCSCSCM02	Online & Accessible	☒	Online & Accessible	☒	C Drive, Hostname, Ipconfig's, and DNS entries

### Scope Of Work

NO	SCOPE	Comment	Status
1.	<b>Critical Systems and Applications</b>	1 VMs were Identified and tested	☒
2.	<b>Data Backup and Restoration</b>	Data on the DR site matches data in the Production	☒
3.	<b>Assessment of Recovery Time Objectives</b>	Data verification testing conducting	☒
4.	<b>Network</b>	VM in both sites were remotely accessible	☒
5.	<b>Verification of Data Integrity</b>	VM's in both sites are functioning as expected	☒
6.	<b>Infrastructure Components</b>	DR site has sufficient resources	☒

### 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.

### **Datacentre Uptime/Downtime**

JOSHCO Head Office has experienced several power outages. The unplanned outages took place from July, August and September 2025. In addition, the unplanned power outages were caused by a cable fault. Despite these disruptions, the ICT Department ensured that operations continued with minimal impact, with the installed UPS system and the assistance of the generator, which provided backup power during the outages.

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 1, 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.

### **Digital Transformation and Innovation Content**

<b>Initiative</b>	<b>Objective/ Program</b>	<b>Progress</b>	<b>Budget Utilization (%)</b>	<b>Timeline</b>
Development Dashboard App	Centralized development task view for Housing	In progress	0%	31 December 2025

## **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. The Risk and Compliance Unit is responsible for ensuring that JOSHCO complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements.

### 6.1. Implementation Plan Quarter 1 Activities.


JOSHCO has an approved 2025/2026 Compliance Implementation Plan, and the table 14 below provides an overview of the progress made on planned activities during quarter one.

NO.	ACTIVITIES	STATUS
1.	Review of the JOSHCO Compliance Management Universe 2025/26	Completed
2.	Declaration of Interest 2025/26	Completed
3.	Monitoring 2025/26 Compliance Risk Assessment Plans	Completed
4.	Conduction compliance assessments for legislations as per the Compliance Universe	Completed
5.	Monitoring of action plan to address instances of non-compliance identified during the compliance assessments	Completed
6.	Submission of UIFW and 30 days payments reports to Group Compliance	Completed
7.	Tax Status Review and submission of the Tax Certificate to Group Compliance	Completed
8.	Preparation of unit reports to the Executive Manager: Planning and Strategy	Completed
9.	Submission of quarterly Compliance Reports to Group Compliance	In-progress
10.	Submission of the Compliance report to Monitoring & Evaluation	In-progress
11.	Submission of SHRA reporting Tool in accordance with 2025/26 circular	Completed
12.	Respond to Internal Audit requests on Risk and Compliance Audits	Completed
13.	Conduction of compliance assessment on four National Treasury Circulars	Completed
14	Compliance Awareness or Educational Message via Internal Communication Platform	Not Implemented


### COMPLIANCE UNIVERSE ASSESSMENTS

- The Compliance Universe was updated this quarter, adding four new legislations—COIDA, Employment Services Act, Housing Development Agency Act, and Project and Construction Management Professions Act—to the existing 28, bringing the total to 32.
- This ensures JOSHCO’s compliance Universe remained relevant to the industry and up to date.
- Table 15 reflects monitoring results of the thirty-two Legislations that were assessed in the first quarter.
- JOSHCO achieved 100% compliance status in the quarter, certain instances of non-compliance/exceptions were identified and are reported.

**Table 15: Action Plan showing of the three Assessed Legislations**




No.	Act Name	Q4 % Compliance (2024/25)	Q1 % Compliance (2025/26)	Compliance Movements	Comments on non-compliance	Act Owner	Action Plans	Progress to address non-compliance	Period	Status
1.	Protection of Personal Information Act, No. 4 of 2013	98%	86%		No formalized register or notice to ensure compliance with all 8 conditions during determination and processing of personal information	<b>Manager: Legal Services</b>	Develop and implement a formal compliance register track adherence to all 8 POPIA conditions across departments	Identified in quarter one and to be reported in quarter two	31 December 2025	<b>Not yet started</b>
					Inconsistent use of consent forms and unclear legal basis across departments	<b>Manager: Legal Services</b>	Standardize consent forms and document lawful bases for all personal information processing across all departments	Identified in quarter one and to be reported in quarter two	31 December 2025	<b>Not yet started</b>
					The purpose for data collection is not to be documented or communicated to data subjects	<b>Manager: Legal Services</b>	Document the purpose for collecting personal information and ensure communication to data subjects; set up retention	Identified in quarter one and to be reported in quarter two	31 December 2025	<b>Not yet started</b>

No.	Act Name	Q4 % Compliance (2024/25)	Q1 % Compliance (2025/26)	Compliance Movements	Comments on non-compliance	Act Owner	Action Plans	Progress to address non-compliance	Period	Status
							timelines of the information			
					No clear process to destroy/delete or de-identify records once retention is no longer authorized	<b>Manager: Legal Services</b>	Develop SOP for timely destruction, deletion, or de-identification of records once retention period expires	Identified in quarter one and to be reported in quarter two	31 December 2025	<b>Not yet started</b>
					Only a few departments conduct regular data quality reviews; records may be outdated or incomplete	<b>Manager: Legal Services</b>	Implement periodic data quality review procedures across all departments to ensure accuracy, completeness, and currency	Identified in quarter one and to be reported in quarter two	31 December 2025	<b>Not yet started</b>
					PAIA/POPIA manual not sufficiently distributed; 2025 version still pending	<b>Manager: Legal Services</b>	Ensured POPIA/PAIA manuals are approved and distributed to all departments, with training on contents	Identified in quarter one and to be reported in quarter two	31 December 2025	<b>Not yet started</b>
					Physical file security is insufficient; while IT	<b>Manager: Legal Services</b>	Implement physical security measures (locked storage,	Identified in quarter one and to be reported in quarter two	31 December 2025	<b>Not yet started</b>

No.	Act Name	Q4 % Compliance (2024/25)	Q1 % Compliance (2025/26)	Compliance Movements	Comments on non-compliance	Act Owner	Action Plans	Progress to address non-compliance	Period	Status
					security has improved, physical safeguards are still weak		controlled access) alongside IT security enhancements; finalize and enforce information security policy			
					No standard procedure for handling access, correction, or deletion requests	<b>Manager: Legal Services</b>	Establish a documented SOP for handling data subject requests, including access, correction, deletion, and communication protocols.	Identified in quarter one and to be reported in quarter two	31 December 2025	<b>Not yet started</b>
3.	Local Government Municipal Finance Management Act, No. 56 of 2003	<b>100%</b>	<b>100%</b>		The Company does not comply with Section 65(2)(e)(e) of the MFMA which specifies that all money owed by the municipality is paid within 30	<b>Chief Financial Officer</b>	The accounting officer for the purposes of Subsection (1) of MFMA takes all reasonable steps to ensure that Section 65(2) is complied with	<ul style="list-style-type: none"> <li>JOSHCO continues to submit projections to Treasury. Due to financial constraints at the City, they do not</li> </ul>	31 December 2025	<b>In-progress</b>

No.	Act Name	Q4 % Compliance (2024/25)	Q1 % Compliance (2025/26)	Compliance Movements	Comments on non-compliance	Act Owner	Action Plans	Progress to address non-compliance	Period	Status
					days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure			allocate funds on time, JOSHCO is constantly capturing invoices timely to prevent recurring non-compliance		

**Legends:**

% Compliance Status progressed	
% Compliance Status regressed	
% Compliance remained the same	

# CHAPTER 3

## SERVICE DELIVERY PERFORMANCE

## SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

- In relation to the development of social housing, the following projects are currently under implementation: Booyesen Place, Nancefield Social Housing, and Devland Social Housing. Combined, these projects will deliver a total of 500 housing units.
- In the quarter under review, the Occupancy rate is at 98.75% against the target of 98%.
- Through the EPWP programme, JOSHCO created 636 work opportunities against a quarterly target of 250.
- Under Governance, the entity resolved a total of 53% of internal audit findings against a quarterly target of 30%.
- A total of 14 tenants engagement sessions were conducted during the period under review.

## SECTION 2: SERVICE DELIVERY CHALLENGES AND MITIGATION

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

- Community unrest which results in stoppage of construction.
- Payment delays and budget constraints
- Continued losses being incurred largely due to high provision for bad debts and high operating cost, mainly utilities, finance cost, and repairs and maintenance.
- Higher interest accumulated from deficit.

## SECTION 3: RESPONSE TO STRATEGIC DIRECTION

**Table 17: JOSHCO's Response to Strategic Direction**

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q1
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>
1. 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 SMMEs on construction projects</li> <li>• Skills development and job creation through EPWP programme</li> </ul>
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</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>

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q1
	housing <ul style="list-style-type: none"> <li>• Implement housing development projects for the CoJ</li> <li>• Provide assigned municipal services</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> </ul>
		<ul style="list-style-type: none"> <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> </ul>
		<ul style="list-style-type: none"> <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. 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 18: Service Level Standard (SLS) Performance as at 30 September 2025**

Core Service	Service Level Standard Target	July 2025	August 2025	September 2025	Quarter 1	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	98%	98%	99%	98%	N/A	N/A
2. Attending to request for maintenance	96% of maintenance requests attended within 14 days of the logged call	100%	100%	19,3%	73,1%	The introduction of new internal controls and review of the repairs and maintenance Standard Operating Procedure (SoP) affected our ability to meet the target	To finalise the review of the maintenance SoP
3. Routine building maintenance	Once per year and as when required	Not due for reporting	Not due for reporting			To be updated	To be updated
4. Application for rental housing	Outcome of enquiry to be sent to application within 5 days	1 day	1 day	1 day	1 day	N/A	N/A
5. Application for rental housing	Outcome of the application communicated within 7 working days	2 days	3 days	3 days	3 days	N/A	N/A
6. Resolution of complaints	Acknowledgement and response within	24 hours	24 Hours	24 Hours	24 Hours	N/A	N/A

	24 hours of complaint being logged						
7. Resolution of complaints	Resolution of the complaints/ queries within 5 workings days	1 day	1 day	4 days	2 days	N/A	N/A

## SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2025/2026 Business Plan includes 19 key performance metrics and targets. Seven (7) of the fourteen (14) targets that were due for reporting during the quarter were met. This outcome amounts to a performance for the quarter of **50%**.

Performance Targets	Targets
Total Annual Targets	<b>19</b>
Applicable targets in Q1	<b>14 (5 Not Due for reporting)</b>
Targets achieved	<b>7</b>
Targets not achieved	<b>7</b>
Pending	<b>0</b>

### 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 19: Performance Against Predetermined Objectives as at 30 Sept-25 2025**

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q1 Target	Q1 Actual	Variance	Reasons for Underachievement and Mitigation Action
Financial Stability	1	Current Ratio	Current ratio 1:1	1:1	0.37:1	-0.63	<p>The non-performance of these targets is due to continued losses being incurred largely due to high provision for bad debts caused by poor collection of debtors and high operating costs, mainly utilities, finance costs as a result of payments for special projects where CoJ Departments are not settling amounts owed to JOSHCO and repairs and maintenance costs from unplanned maintenance on dilapidating buildings.</p> <p>Mitigating actions include;</p> <p><b>Increase in management fee income earned on projects implemented on behalf of other COJ entities</b> – 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 non-payment of long outstanding debt owed to JOSHCO.</p> <p><b>Student accommodation</b> – pilot phase is currently under implementation with one project completed and tenanted. Occupancy rate is at 100%. Additional student accommodation projects are being considered to raise more cash due to their good performance in rental collection.</p> <p><b>Commercial spaces</b> – maximise commercial spaces available for additional revenue to be generated. As at the end of the quarter, out 52 retail spaces, we have 32 occupied spaces and 20 vacancies (3 emptied by MMC, 5 vacant in Kerk Street, 6 in Booyen's (under</p>
	2	Solvency Ratio	Solvency Ratio 1:1	1:1	0.39:1	-0.61	

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q1 Target	Q1 Actual	Variance	Reasons for Underachievement and Mitigation Action
							construction), 3 vacancies at NBS, 2 vacancies at 16 Wolmarans, and 1 vacancy at Raschers.
	3	% Collection in respect of current debtors	80% collection in respect of current debtors	80%	73%	-7%	<p>The underperformance is mainly caused by the rising number of unemployed tenants, campaigns for ownership by the formed organization named Social Housing Movement, which is influencing tenants that they should have taken ownership of SHRA funded facilities and should stop paying rent. Most commercial payments were made after the period was closed and will reflect under September month. JOSHCO owned facilities are performing within the required levels and this is mostly due to the focus shift from the underperforming City referral stock to the facilities owned by JOSHCO and funded by SHRA.</p> <p>In trying to prevent the debt from escalating and to get the tenants to pay whilst the debt is still affordable. We are 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 are vacated and got evicted with balances owed are blacklisted with all Credit Bureaus.</p>
	4	% Reduction of Deficit	40%	Not due	Not Due	N/A	<b>Target Not due for reporting</b>
	5	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days	100%	77.9%	-22.1%	The reasons for underachievement was due to the cashflow challenges that are citywide. These limitations

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q1 Target	Q1 Actual	Variance	Reasons for Underachievement and Mitigation Action
			of invoice receipt				resulted in the entity not always being able to settle invoices within 30 days.  JOSHCO is continuously engaging with Group Finance (Treasury) on a weekly basis for allocation of cash to settle invoices incurred from service providers.
	6	Number of SMME's supported	15 SMME's	Not Due	Not Due	N/A	3 SMMEs Supported. There was no specific target set for Quarter 1; however, the objective will be achieved during the course of the financial year as projects currently under implementation progress.
	7	Percentage expenditure of approved capital budget	100% expenditure of approved capital budget	25%	32%	+7%	Target Achieved
Good Governance	8	Percentage resolution of internal audit findings	100% resolution of Internal Audit findings (cumulative)	30%	53%	+23%	Target Achieved
	9	% Resolution of AGSA findings	100% resolution of AGSA findings	Not Due	Not Due	N/A	Target Not due for reporting
	10	Level of audit opinion	Unqualified audit opinion	Not Due	Not Due	N/A	Target not due for reporting

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q1 Target	Q1 Actual	Variance	Reasons for Underachievement and Mitigation Action
	11	Percentage compliance to Laws and regulation	100% compliance to laws and regulation	100%	100%	0	Target Achieved
	12	Percentage Implementation of corrective action against identified risks	100% Implementation of corrective action against the identified risks	100%	89%	-11%	Target not Achieved
Personnel Vacancy Rate	13	% Employee vacancy rate	8% employee vacancy rate	8%	6.6%	-1.4	Target Achieved
Job Opportunity and Creation	14	Number of jobs created for the unemployed through EPWP programmes	1000 Jobs	250	636	+386	Target Achieved
Sustainable Service Delivery	15	No. of social housing units completed	500 housing units completed	Not Due	Not Due	N/A	Works in progress. No set target numbers for Quarter 1
	16	% Occupancy rate across all	98% occupancy rate	98%	98.75%	+0.75%	Target Achieved

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q1 Target	Q1 Actual	Variance	Reasons for Underachievement and Mitigation Action
		JOSHCO rental units					
	17	% Achievement of service standards	100% Achievement of service standards	100%	71.42%	-28.57%	Target not Achieved
	18	Number of tenants engagement	4	1	14	+13	Target Achieved
	19	% of additional revenue accrued from special projects	100%	100%	0	-100%	<p>JOSHCO has commenced less special projects for CoJ Core Departments due to the long outstanding debt not being settled on time. Management has also taken steps to halt further work until Departments begin to settle long outstanding debt.</p> <p>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. In addition, the entity has begun robust engagements with the Human Settlements Department, JOSHCO's largest debtor, to expedite settlement of long outstanding debt. In addition, formal written</p>

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q1 Target	Q1 Actual	Variance	Reasons for Underachievement and Mitigation Action
							correspondence has been prepared to request settlement of debt from all departments owing JOSHCO.

## 5.1 HOUSING DEVELOPMENT

### 5.1.1. Contextual Background.

Our capital projects are divided into 2 programs: **Inner-City** and **Greenfields** programs. Each program is further structured around two key milestones: Planning and Implementation. The planning phase spans from project inception to the pre-tender stage, while the implementation phase covers the periods from the tender award through the project close out.

Outlined below are the start and completion dates of the various projects, together with their performance status. These timelines align with the signed Development Agreement or JBCC contract governing each project. It is important to note that completion dates may be revised, subject to the outcomes of Extension of Time (EOT) claims submitted by the main contractors to JOSHCO. Where claims are awarded—whether with or without cost—adjustments to completion dates will be made accordingly, based on the specific circumstances of the claim. The adjudication of such EOT claims is undertaken by independent Project Managers, Principal Agents, or Review Consultants, in collaboration with Quantity Surveyors. Their recommendations are then formally submitted to JOSHCO for consideration and approval.

**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.

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

### 5.1.2 SUMMARY OF PERFORMANCE

JOSHCO has eighteen (18) projects that have been approved in the 2025/26 FY Business Plan. Eleven (11) of these projects are between planning and procurement and seven (7) of the projects were at the implementation stage at the beginning of the financial year.

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

#### **BOOYSENS PLACE INNER CITY CONVERSION**

**Start date:** 21 January 2025

**Anticipated Completion Date:** 08 May 2026

**Area or location:** 57 Mentz Street.

**No units expected 2025/2026:** 40 units

**Budget allocated this FY:** R38 000 000,00

<b>Monitoring Tool</b>	<b>July</b>	<b>August</b>	<b>September</b>
<b>Capex Expenditure</b>	R 2 176 890,54	R 2 172 890.54	R 4 344 919.23
<b>Appointed SMME</b>	-	-	
<b>Project Progress</b>	12%	15%	17%

**Comments on Project Performance:** The building plans have been approved, and the contractor was formally appointed with site handover completed in January 2025. At project commencement, three tenants were occupying the retail shops on the ground floor, which impacted progress. Two tenants have since vacated, while the third pursued legal action against JOSHCO, with the court ruling in the tenant's favour. These delays have moved the anticipated completion date from 22 October 2025 to the 8<sup>th</sup> May 2026.

To mitigate delays, alternative sections of the building were identified for the relocation of tenants, and these areas are currently being revamped. The project team has rescheduled works accordingly and is focusing on areas not affected by the remaining tenant. Progress in these sections is advancing well.

Site establishment, clearance, and demolition works are in progress, with external brickwork also underway. Overall contractor progress stands at 17%.

### **5.1.4. PROJECTS UNDER IMPLEMENTATION: GREENFIELDS**

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

**Start Date:** 19 May 2025

**Anticipated Completion Date:** 29 January 2026

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

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

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

Monitoring Tool	JULY	AUGUST	SEPTEMBER
Capex Expenditure		R 3 151 598.91	R 8 967 784.42
Appointed SMME	-	-	-
Project Progress	15%	30%	35%

**Comments on Project Performance:** Construction works are ongoing on site. Current activities include external works, internal road and parking construction, as well as electrical installations. The project has provided employment for over 130 individuals, with 108 recruited from the local community, reflecting strong local participation.

key risks affecting the project includes delays in invoice payment, budget constraints, and restricted access to the sewer line-all of which have potential cost and schedule implications. The sewer line passes through Magandanda informal settlement, and JOSHCO will need access to this area to undertake and complete the sewer construction works. Addition, construction was suspended for one-week due community-led site stoppage arising from unresolved housing-related issue between the Magandanda Informal Settlement and the Department of Human Settlement.

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

**Start Date:** 14 November 2022      **Anticipated Completion Date:** 30 June 2026

**Area or location:** Devland Golden Highway

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

**Budget allocated this FY:** R 10 000 000,00

Monitoring Tool	July	August	September
Capex Expenditure	R 82 874, 95	R 2 999 007.17	R 2 577 087.49
Appointed SMME	-	-	-
Project Progress	24%	26%	30%

**Comments on Project Performance:** The site was handed over to the appointed contractor on 18 June 2024. However, works could not commence immediately due to a scope change from the proposed multi-purpose hall to the completion of residential units. At handover, 30 partially constructed units were already on site. A proposal to proceed with a multi-purpose hall was submitted to the City Building Inspector but was rejected. The decision to revert to residential units was initially opposed by the local community, who had accepted the multi-purpose hall option.

Following extensive engagements by JOSHCO with the community, agreement was reached to continue with the residential units.

All necessary approval and compliance documentation, including Section7/6 approvals and NHBRC enrolment have been obtained. However, the appointed contractor has been underperforming, and the current pace of work is insufficient to achieve completion of the units within the current financial year.

**RIVERSIDE VIEW SOCIAL HOUSING (Phase 4)**

**Start Date:** 19 May 2025      **Anticipated Completion Date:** 30 November 2026

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

**No units expected 2025/2026:** 64 Units

**Budget allocated this FY:** R 53 000 000,00

<b>Monitoring Tool</b>	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>
<b>Capex Expenditure</b>	-	R 9 624 666,62	R 8,876 811,46
<b>Appointed SMME</b>	-	-	-
<b>Project Progress</b>	3.43%	6,05%	8,41%

**Comments on Project Performance:** A total of 64 unit have been planned to be delivered in this financial year. However, the contract has commenced with earthworks for 384 units from the 19<sup>th</sup> May 2025 and currently active across four sites (Erf 2869, 2534, 2634, and 4197. Progress to date is as follows:

Erf 2869: 9.27%

Erf 2569: 5.14%

Erf 2634: 14.10%

Erf 4197: 5.14%

This equates to an overall consolidated progress of 8.41% across the four sites.

On Erf 2634 (64 units), progress is on schedule, with concrete works completed on two platform. On Erf 2869, one platform is at 90% steel fixing, while trenches have been completed for two additional platform. The contract to complete the construction of platform and commence to the Contruction of the top-structures for the 64 units.

## **LUFHERENG SOCIAL HOUSING PROJECT (Phase 2)**

**Start Date:** 30 April 2025

**Completion Date:** TBC

**Area or location:** 6 Motswiri Street, Lufhereng Extension 7

**No. units expected 2024/2025:** 552 Units

Budget allocated this FY: R 10 000 000,00

Monitoring Tool	JULY	AUGUST	SEPTEMBER
<b>Capex Expenditure</b>		R 514 625.00	R 514 625.00
<b>Appointed SMME</b>	-	-	-
<b>Project Progress</b>	1%	2%	5%

**Comments on Project Performance:** The contractor has completed:

Work Package 1: Removal of building rubble, construction of concrete platforms, and site clearing and grubbing.

Work Package 2: Civil works, including the installation of water, sewer, and stormwater networks, as well as soil-engineered platforms to address dolomite conditions.

To date, the contract has progressed onsite with works done approximately valued 9 million (still to be claimed) on the budget allocation of R10 million for the 2025-26 financial year.

To complete the remaining civil works, platforming, and to commence with the top-structure construction, an additional budget of approximately R170 million will be required.

## **RANDBURG/SELKIRK SOCIAL HOUSING**

**Start Date:** 08 September 2025

**Completion Date:** 08 September 2027

**Area or location:** Selkirk Avenue, Blairgowrie

**No units expected 2024/2025:** 148 Units

Budget allocated this FY: R 40 000 000

Monitoring Tool	JULY	AUGUST	SEPTEMBER
<b>Capex Expenditure</b>	R	R	R7 711 702,16
<b>Appointed SMME</b>	-	-	-
<b>Project Progress</b>	-	-	5%

Comments on Project Performance:

Site was handed over to the contractor in September 2025. The contractor has established onsite and has commenced with the removal of rubble what was stockpiled onsite.

#### **5.1.5. PROJECTS UNDER PLANNING STAGE**

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

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2025/2026	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 has completed the inception report and is currently working on the market study.

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

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2025/2026	R1 000 000

The Environmental Infrastructure and Services Department (EISD) requested that an application be submitted to the National Nuclear Regulator for comments prior to providing their own input. Positive feedback has since been received from both the National Nuclear Regulator and the Department of Minerals and Energy.

The Environmental Authorisation is currently at the advertising stage, during which objections have been lodged. In addition, a neighbouring property owner has submitted an intervenor status application, requiring the matter to be escalated to the Municipal Planning Tribunal for determination and approval.

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

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2025/2026	R637 000

Amended comments from Johannesburg Water have been received in response to the application submitted. The Township Establishment has been approved by COJ: Development Planning, along with the associated applications for Division of Land and Road Closure.

These approvals represent a significant milestone in the development process, enabling the project to move forward with the submission of the Site Development Plan (SDP) and Building Plans. The professional team is currently advancing the Township Register process

**KELVIN SOCIAL HOUSING PROJECT**

Ref	Description	Amount
1	Capital budget allocation for 2025/2026	R1 000 000

A rezoning application was submitted to CoJ Development Planning at the end of November 2023. Comments from the various Municipal Owned Entities (MOEs) have since been received. The application attracted over 400 objections from adjoining property owners, necessitating referral to the CoJ Municipal Planning Tribunal (MPT) for determination.

The rezoning application was formally presented to the MPT on 10 September 2025, and a decision on whether the application has been approved or refused is expected within one month of the hearing date.

**LOMBARDY EAST SOCIAL HOUSING PROJECT**

Ref	Description	Amount
1	Capital budget allocation for 2025/2026	R1 000 000

Due to objections received, an application needs to be sent to the Municipal Planning Tribunal (MPT) for a decision. However, City Power needs to be addressed before the application can be recommended to MPT. According to City Power, there is no capacity to support the proposed density until 2029. A report was done by the professional team highlighting that implementation of an alternative energy solutions would incur significant costs. There are ongoing discussions between JOSHCO and City Power to explore possible solutions to address the capacity problems.

JOSHCO is 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 clarify whether “Special” zoning permits residential development and whether density restrictions apply. A formal response confirmed that residential buildings are permitted under “Special” zoning, with density determined at the discretion of the local authority, subject to intended use and applicable control measures.

JOSHCO has since approved the Stage 3 Detailed Designs with recommendations. The Site Development Plan (SDP) and Building Plans are being finalised for submission. Furthermore, the subdivision application has been approved and is in the process of being registered with the Surveyor General’s Office.

### **MARLVEN SKILLS DEVELOPMENT CENTRE**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2025/2026	R500 000

The Professional team scope of work was initially for skills development centre. However, the scope of work was changed. The professional team was instructed to amend the proposed skills development centre to Social Housing. A letter for a change of scope was prepared and approved.

The professional team presented a revised scope with multiple options to the department. Following JOSHCO’s recommendation of a preferred option, the team proceeded with the development of a concept plan based on the agreed direction. Stage 1(inception) was approved in June 2025, the team is working on Stage 2 (Concept and Viability).

### **PARK CHAMBERS PRECINCT**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2025/2026	R2 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 – detailed design development - for approval as per the revised scope. The designs have been presented to the office of the Acting COO for approval. The professional team is finalising application for the submission of SDP and Building Plans.

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

Ref	Description	Amount
1	Capital budget allocation for 2025/2026	R500 000

The Site Development Plan has been approved. The Building Plans have been submitted and are currently awaiting approval. Project is expected to be ready for implementation by November 2025.

### **33 RISSIK STREET (NBS) INNER CITY BUILDING**

Ref	Description	Amount
1	Capital budget allocation for 2025/2026	R1 000 000

The professional team is currently awaiting approval of the Site Development Plan (SDP) and Building Plans from City Planning. These applications remain pending approval of the Site Development Assessment by the Johannesburg Roads Agency (JRA).

### **CASA MIA INNER CITY BUILDING RENEWAL**

Ref	Description	Amount
1	Capital budget allocation for 2025/2026	R1 000 000

Project is part of City's Bad Building Initiative & currently invaded.

#### **5.1.6. SHRA CCG FUND APPLICATIONS**

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

- 50 Durban Street
- Abel Street – Phase 2
- Denver Extension 20
- Lufhereng Phase 1 (347 of 497 is currently funded) – remaining 60 of 407 units.
- Lufureng Phase 2-552 units

SHRA has not responded on the status of the above applications due to JOSHCO's partial accreditation status.

### 5.1.7. 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 have 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:** There is currently one property that has encroached on JOSHCO's property, which is yet to be demolished. On 29 September 2024, JOSHCO's legal team wrote to the Respondents detailing JOSHCO's final settlement terms on the matter. The matter is anticipated to be concluded second week of October 2024.

JOSHCO has started the legal processes to obtain the demolition order. Once the permit is issued, the demolition of encroaching structure will be carried out, the outstanding remedial works will be carried out on the development for the development to obtain the outstanding Occupation Certificate.

**Turffontein:** It should be noted that the Occupation Certificate exists, however the current OC refers to one erf because, 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 application has been submitted, however, JOSHCO is currently finalizing the registration of erven 195 and 196 Haddon Extension 2, prior to the approval of the consolidation application. The Section 113 clearance application is pended currently awaiting JRA comments. The professional team is currently compiling the documents as per JRA's comments prior to issuing of the clearance certificates. Once Section 113 has been finalized, the registration of the two erven can be finalized and the consolidation application will be finalized and Building Control will be able to issue OC for the newly created consolidated erf.

## 5.1 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.

JOSHCO's revenue collection target for the 2025/26 financial year is 80% collection of debtors in respect of rentals. We have performed 31% behind this target as we collected an overall average of 69% for the Year to date. Collections in respect of SHRA funded Projects were at 73%, for JOSHCO Projects 82%, whilst the Commercial portfolio were at 129% for the quarter ended in June 2024.

### 5.2.1. REPAIRS AND MAINTENANCE

The first quarter of the 2025/2026 financial year started with a slow-paced repairs and maintenance program. The slow pace was attributed to the in-depth analysis of the root cause of the maintenance over expenditure within the Housing Management Department.

### 5.2.2. Overall Unplanned Maintenance Performance for Quarter 1.

#### PORTFOLIO A-Table 20: UNPLANNED MAINTENANCE

PROJECT NAME	UNIT No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Jobs beyond 14 days	Percentage
AA House	252	19	7	6	32	20	12	62,50%
African Diamond	61	2	1	1	4	2	2	50,00%
Devland	255	2	9	18	29	17	12	58,62%
Europa House	167	1	4	11	16	7	9	43,75%
Hoek Street	265	6	9	22	37	22	15	59,46%
Raschers Building	95	4	5	1	10	8	2	80,00%
Textile	162	2	1	5	8	3	5	37,50%
<b>TOTAL UNITS</b>	<b>1257</b>	<b>36</b>	<b>36</b>	<b>64</b>	<b>136</b>	<b>79</b>	<b>57</b>	<b>58,09%</b>

#### PORTFOLIO B-Table 21: UNPLANNED MAINTENANCE

PROJECT NAME	UNIT No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Jobs beyond 14 days	Percentage
Bellavista Infill	36	2	0	0	2	2	0	100,00%
Bellavista Citrine C	79	6	1	1	8	8	0	100,00%

Kliptown Square	478	29	3	4	36	36	0	100,00%
Phoenix House	135	2	2	3	7	7	0	100,00%
Turfontein	525	24	15	5	44	44	0	100,00%
Orlando Ekhaya	192	11	2	2	15	15	0	100,00%
Lefhureng	407	21	18	8	47	47	0	100,00%
<b>TOTAL UNITS</b>	<b>1852</b>	<b>95</b>	<b>41</b>	<b>23</b>	<b>159</b>	<b>159</b>	<b>0</b>	<b>100,00%</b>

#### PORTFOLIO C-TABLE 22: UNPLANNED MAINTENANCE

PROJECT NAME	UNIT No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Jobs beyond14 days	Percentage
Dobsonville	502	65	10	24	99	51	48	51,52%
Fleurhof Junction	432	40	5	13	58	30	28	51,72%
Pennyville Coml	452	17	4	5	26	10	16	38,46%
Pennyville Flats	198	12	0	2	14	7	7	50,00%
Tshedzani	432	41	7	13	61	36	25	59,02%
<b>TOTALS</b>	<b>2016</b>	<b>175</b>	<b>26</b>	<b>57</b>	<b>258</b>	<b>134</b>	<b>124</b>	<b>51,94%</b>

#### PORTFOLIO D-TABLE 23: UNPLANNED MAINTENANCE

PROJECT NAME	UNIT No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Jobs beyond14 days	Percentage
City Deep Greenfield	329	18	3	11	32	14	18	43,75%
Ekhaya Gardens	333	26	10	29	65	29	36	44,62%
Fleurhof Riverside	252	11	2	18	31	4	27	12,90%
Legae	92	7	1	6	14	3	11	21,43%
Riverside view	372	31	8	12	51	14	37	27,45%
<b>TOTALS</b>	<b>1378</b>	<b>93</b>	<b>24</b>	<b>76</b>	<b>193</b>	<b>64</b>	<b>129</b>	<b>33,16%</b>

#### PORTFOLIO E-TABLE 24: UNPLANNED MAINTENANCE

PROJECT NAME	UNIT No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Jobs beyond14 days	Percentage
106 Claim Street	85	9	7	2	18	0	18	0,00%
Abel Street	255	19	14	12	45	1	44	2,22%
Union Square	351	20	14	25	59	6	53	10,17%
<b>TOTALS</b>	<b>691</b>	<b>48</b>	<b>35</b>	<b>39</b>	<b>122</b>	<b>7</b>	<b>115</b>	<b>5,74%</b>

In total, there were 868 reactive maintenance jobs carried out in all JOSHCO properties. See table below.

**Table 25: Overall Departmental Performance.**

	UNIT No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Jobs beyond 14 days	Percentage
<b>TOTALS</b>	<b>7194</b>	<b>447</b>	<b>162</b>	<b>259</b>	<b>868</b>	<b>443</b>	<b>425</b>	<b>51,04%</b>

#### 5.2.4. The occupancy rate are as follows:

The overall occupancy rate for residential rental stock is **98.75%** for the quarter under review

#### PORTFOLIO A OCCUPANCY

PROJECT NAME	Unit No.	Occupy rate	Vacancy rate	Percentage
AA House	252	250	2	99,21%
African Diamond	61	59	2	96,72%
Devland	255	250	5	98,04%
Europa House	167	164	3	98,20%
Hoek Street	265	265	0	100,00%
Raschers Building	95	94	1	98,95%
Textile	162	162	0	100,00%
<b>TOTAL UNITS</b>	<b>1257</b>	<b>1244</b>	<b>13</b>	<b>98,97%</b>

#### TABLE 6.2: PORTFOLIO B OCCUPANCY

REPAIRS AND MAINTENANCE UNDER PORTFOLIO A				
PROJECT NAME	Unit No.	Occupy rate	Vacancy rate	Percentage
Bellavista Infill	36	33	3	91,67%
Bellavista Citrine C	79	76	3	96,20%
Kliptown Square	478	477	1	99,79%
Phoenix House	135	135	0	100,00%
Turfontein	525	524	1	99,81%
Orlando Ekhaya	190	187	3	98,42%
Lefhureng	407	404	3	99,26%
<b>TOTAL UNITS</b>	<b>1850</b>	<b>1836</b>	<b>14</b>	<b>99,24%</b>

#### PORTFOLIO C OCCUPANCY

PROJECT NAME	Unit No.	Occupy rate	Vacancy rate	Percentage
Dobsonville	502	499	3	99,40%
Fleurhof Junction	452	450	2	99,56%

Pennyville Coml	564	559	5	99,11%
Pennyville Flats	198	198	0	100,00%
Tshedzani	432	430	2	99,54%
<b>TOTALS</b>	<b>2148</b>	<b>2136</b>	<b>12</b>	<b>99,44%</b>

#### PORTFOLIO D OCCUPANCY

PROJECT NAME	Unit No.	Occupy rate	Vacancy rate	Percentage
City Deep	329	326	3	99,09%
Ekhaya Gardens	333	332	1	99,70%
Fleurhof Riverside	252	250	2	99,21%
Legae	92	92	0	100,00%
Riverside view	372	361	11	97,04%
	<b>1378</b>	<b>1361</b>	<b>17</b>	<b>98,77%</b>

#### TPORTFOLIO E OCCUPANCY

PROJECT NAME	Unit No.	Occupy rate	Vacancy rate	Percentage
106 Claim Street	85	66	19	77,65%
Abel Street	150	147	3	98,00%
Union Square	351	339	12	96,58%
<b>TOTALS</b>	<b>586</b>	<b>552</b>	<b>34</b>	<b>94,20%</b>

### 5.3. STAKEHOLDER RELATIONS

#### 5.3.1 TENANTS ENGAGEMENT

JOSHCO Stakeholder Relations Management has intensified the tenant engagement program with the aim of closing communication gaps between JOSHCO and its tenants. In collaboration with other role players within the rental sector, such as the Rental Housing Tribunal, JOSHCO has successfully defended and won cases referred by tenants to this legislative body.

#### 5.3.2. LIST OF THE TRANSFERRED PROPERTIES

- Antea Hostel
- City Deep Hostel

- Botlhabela
- Selby
- Orlando Ekhaya Hostel
- Kliptown Golf-Course
- Klipspruit Hostel
- Selby Hostel

**Table 26 below Stakeholder Engagement**

No.	DATE	PLACE	PURPOSE
1.	08 <sup>th</sup> July 2025	Devland Project Site Meeting	The meeting was convened to receive an update on the progress of Devland Phase 3 from the appointed contractor
2.	12 <sup>th</sup> July 2025	City Deep	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide
3.	19 <sup>th</sup> July 2025	Fleurhof Riverside	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide
4.	21 <sup>st</sup> – 28 <sup>th</sup> July 2025	Various Projects	The meeting aimed to engage tenants regarding the planned stock transfer from JOSHCO to the City of Johannesburg
5.	22 <sup>nd</sup> July 2025	Devland Project site meeting	The meeting was convened to receive an update on the progress of Devland Phase 3 from the appointed contractor
6.	16 <sup>th</sup> August 2025	Kliptown Square Project	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide
7.	22 <sup>nd</sup> August 2025	Nancefiled Project	The purpose of the meeting was to give progress update on the project at Nancefield
8.	23 <sup>rd</sup> August 2025	Turffontein Project	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide
9.	25 <sup>th</sup> August 2025	Lefhureng Project	Handover of boundary wall to the to the appointed service provider.

No.	DATE	PLACE	PURPOSE
10.	27 <sup>th</sup> August 2025	Lefhureng Project	Public meeting for the appointment of the CLO, for boundary wall.
11.	08 <sup>th</sup> September 2025	Joshco Head office	The purpose of the meeting was to discuss challenges faced by tenants from African Diamond, Textile and Union square.
12.	08 <sup>th</sup> September 2025	Joshco Head Office	The purpose of the meeting was to discuss 106 Claim Street EPWP grievances raised by the councilor.
13.	13 <sup>th</sup> September 2025	Fleurhof Riverside	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide
14.	20 <sup>th</sup> September 2025	Pennyville	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide

#### 5.4. EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The EPWP remains a cornerstone in addressing unemployment and poverty within our communities. Through this programme participants gain both income and transferable skills, thereby increasing their future employability and social inclusion. JOSHCO has managed to create 413 short-term contracts through EPOWP programme in quarter 1.

**Table 27: Jobs created through EPWP programme**

Admin Officer	Admin	Office Attendant	Security	General Workers	Total
52	182	9	88	305	<b>636</b>

# CHAPTER 4

## HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

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

This section provides the total employee remuneration costs.

**Table 28: Personnel Cost by Occupational Level as at 30 September 2025**

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
Top Management (CEO, CFO, COO)	3	R 1,384,985.85	2%	R 461,661.95
Executive Managers	1	R 544,972.65	1%	R 544,972.65
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	35	R 10,681,881.22	17%	R 305,196.61
Skilled, Tech & Academically Qual (H-Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin)	144	R 20,748,160.94	34%	R 144,084.45
Semi-Skilled (Driver, Receptionist, Call Centre Agents, STC )	11	R 997,558.54	2%	R 90,687.14
Unskilled (Office Attendants, Security Officers and Cleaners)	342	R 20,676,777.93	34%	R 60,458.42
EPWP	566	R 6,335,004.43	10%	R 11,192.59
<b>Total</b>	<b>1102</b>	<b>R 61,369,341.56</b>	<b>100%</b>	<b>R 55,689.06</b>

## SECTION 2: KEY VACANCIES

This section provides reporting on vacancies which were actioned either by filling on an acting capacity or recruited thereof. The summary is displayed in Tables 29 and 30 below. Seventeen (18) acting appointments were instituted.

**Table 29: Acting Appointments**

No.	Designation	Acting Role	From	Reasons	Comments
-----	-------------	-------------	------	---------	----------

1.	Executive Manager: Planning and Strategy	Chief Executive Officer	01 September 2025 to 30 November 2025	Acting because the incumbent is summarily dismissed. Awaiting the judgment from the Labour Court.	None
2.	Assistant Director: Human Capital	Executive Manager: Corporate Services	18 December 2024 to 30 November 2025	Acting because the position is vacant	To be re-advertised due to an objection lodged by the union
5.	Manager: Finance	Chief Financial Officer	18 December 2024 to 06 July 2025	Acting because the position was vacant <i>(recruitment process completed)</i>	Acting terminated due to the appointment of a permanent CFO.
6.	Senior ICT Manager	Executive Manager: Business Planning and Strategy	01 June 2025 to 30 November 2025	Acting because the incumbent is acting in a senior position	For a period aligned with the Acting CEO
7.	Project Officer	Manager: Office Administration	22 May 2025 to 30 September 2025	Acting because the position is vacant	Rotation will apply
8.	Project Manager	Program Manager: Implementation	01 February 2025 to 31 August 2025	Acting because the position is vacant <i>(recruitment process underway)</i>	Incumbent to resume duty on 01 October 2025.
9.	Portfolio Manager	General Manager: Housing Management	01 February 2025 to 30 June 2025	Acting because the position is vacant <i>(recruitment process underway)</i>	Applicant vetting/ assessment stage

10.	Senior Manager: Stakeholder Relations	General Manager: Housing Management	14 July 2025 to 30 October 2025	Acting because the position is vacant <i>(recruitment process underway)</i>	Applicant vetting/ assessment stage
11.	Credit Controller	Social Facilitator	01 February 2025 to 31 October 2025	Acting because the position is vacant	Rotation will apply
12.	Officer: Tenant Management and Allocations	Social Facilitator	01 March 2025 to 31 July 2025	Acting because the position is vacant	Rotation will apply
13.	Officer: Tenant Management and Allocations	Manager: Allocations and Tenant Management	01 August 2025 to 31 October 2025	Acting because the position is vacant	Rotation will apply
14.	Specialist: Governance	Manager: Governance and Ethics	01 February 2025 to 31 August 2025	Acting because the position is vacant	Rotation will apply
15.	Specialist: Governance	Company Secretary	01 September 2025 to 30 September 2025	Acting because the position is vacant	Rotation will apply
16.	Employee Relations Officer	Human Resources Manager: Administration & Employee Relations	01 February 2025 to 30 September 2025	Acting because the incumbent is seconded to another entity	Rotation will apply
17.	IT Technician	Senior ICT Manager	09 July 2025 to 30 November 2025	Acting because the incumbent is acting in a senior position	Rotation will apply
18.	Human Resource Officer	Human Resources Development Specialist	01 August 2025 to 31 October 2025	Acting because the position is vacant	Rotation will apply

## Recruitment in Progress as at 30 September 2025

- There were two (2) positions approved by the Strategic Appointment Panel that have been advertised to be filled permanently.
- The recruitment process for the Executive Manager: Corporate Services position was advertised and shortlisted; however, due to objections raised by Organised Labour, the position will now be re-advertised.
- Subsequently, the recruitment process for several critical positions within the Operations Department and the Office of the Chief Executive Officer was initiated during the quarter.
- An additional four (4) short-term contract positions were advertised, with selected candidates scheduled to commence on 01 October 2025, to address capacity constraints and fill gaps within the entity.

Table 27 below depicts all recruitment processes initiated in the quarter and the progress status thereof. The long-term strategic intent is to enhance service delivery and performance within the organisation.

**Table 30: Recruitment initiated for critical positions**

No.	Critical Position	Department	Progress Status
1.	Chief Executive Officer <b>(05 Year Fixed-Term Contract)</b>	JOSHCO	Recruitment period lapsed.
2.	Chief Financial Officer <b>(Permanent)</b>	Office of the CEO	Incumbent commenced duty on 07 July 2025
3.	General Manager: Housing Management <b>(Permanent)</b>	Office of the COO	Vetting/ assessment Stage
4.	Executive Manager: Corporate Services <b>(Permanent)</b>	Office of the CEO	To be re-advertised due to an objection lodged by union.
5.	Program Manager: Implementation <b>(Permanent)</b>	Office of the COO	Finalised (Incumbent to commence duty on 01 October 2025)
6.	Senior Internal Auditor <b>(Permanent)</b>	Office of the CEO	To be re-advertised
	Program Manager: Implementation <b>(Permanent)</b>	Office of the COO	Finalised (Incumbent to commence duty on 01 October 2025)
7.	Executive Assistant: Chief Operations Officer <b>(Short-Term Contract)</b>	Office of the COO	Finalised

			(Incumbent to commence duty on 01 October 2025)
8.	Executive Assistant: Chief Financial Officer <b>(Short-Term Contract)</b>	Office of the CFO	Finalised (Incumbent to commence duty on 01 October 2025)
9.	Monitoring and Evaluation Officer <b>(Short-Term Contract)</b>	Business Planning and Strategy	Finalised (Incumbent to commence duty on 01 October 2025)
10.	Compliance Officer <b>(Short-Term Contract)</b>	Business Planning and Strategy	On hold (Due to lodged grievance)
11.	Office Attendant X4 <b>(Short-Term Contract)</b>	Corporate Services	Finalised (Incumbents to commence duty on 01 October 2025)
12.	Administrator <b>(Short-Term Contracts)</b>	Office of the CEO	Offer Stage
13.	Project Manager: Special Projects <b>(05-Year Fixed Term Contract)</b>	Office of the COO	Finalised (Incumbent to commence duty on 01 October 2025)

**Comment:** In response to the City's budgetary constraints, a Strategic Appointment Panel has been established to oversee and assess the criticality of vacancies across the City. As a result, prior approval from the panel is required before initiating any recruitment process.

**TERMINATIONS**

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

**Table 31: Terminations**

Department and Designation	Reason	End Date
Office of the CEO – Company Secretary	Resignation	31 August 2025
Office of the COO – Cleaner	Dismissal	31 July 2025
Office of the COO – Property Supervisor	Retirement	31 August 2025
Office of the COO – IT Technician	Resignation	15 July 2025
Office of the COO- Program Manager: Special Projects	Contract Expired	17 September 2025
Office of the COO- Security	Death	21 September 2025

<b>Total: 6</b>		
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### 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 a headcount movement for 5 people at the lower level, which had a minimal impact on the current EE profile.

Due to the changes in legislation regarding Employment Equity as well as the compliance universe, the following is worth noting:

- The South African Economy has been divided into 18 Economic Sectors, and JOSHCO falls within the “Real Estate Activities” Sector. This means that the entity’s EE targets must be aligned with its sector.
- JOSHCO must develop a new five-year Employment Equity plan for the next financial year to comply.
- The disability quota has increased from 2% to 3%, meaning that JOSHCO must employ an average of 15 people with disabilities by the end of the next five years.
- In the second quarter, an employee with a disability was recruited, and a disability awareness initiative to be conducted among existing staff to promote inclusivity and understanding.

**Table 32: below reflects the EE profile of the organisation**

Employment Equity Profile															
Occupational Level	Male				Female				Foreign Nat.		Local		Grand Total	Racial % Profile	Female Gender Representation % Achievement
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Management	2	0	0	0	0	0	0	0	0	0	2	0	2	100%	50%
Senior Management	0	0	0	0	1	0	0	0	0	0	0	0	1	100%	100%
Professionally Qualified / Middle Management	19	0	0	2	8	0	1	0	1	1	21	10	31	86%	33%

Skilled Technically and Academically Qualified	47	3	0	0	55	2	1	1	0	0	50	59	109	99%	56%
Semi-Skilled	1	0	0	0	2	1	0	0	0	0	1	3	4	100%	33%
Unskilled	152	2	0	0	184	3	0	0	0	0	154	187	341	100%	55%
<b>Total</b>	<b>225</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>260</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>230</b>	<b>276</b>	<b>488</b>	<b>99%</b>	<b>53%</b>

### AGE PROFILE

- 41,6% (the majority) of JOSHCO’s staff are 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 the Supervisory level, and 3% are at Middle Management.

### SECTION 4: SKILLS DEVELOPMENT AND TRAINING

Skills training programs in the workplace are essential for enhancing employee performance, improving efficiency, and ensuring businesses stay competitive while ensuring compliance with relevant legislation. These programs help employees develop new skills and refine existing ones, leading to increased productivity and confidence in their roles. As industries evolve training keeps employees up to date with new technologies, regulations, and best practices, reducing errors and ensuring compliance with industry standards.

#### 4.1. Bursary Update for Quarter 1(2025/26)

- Not for the reporting period

#### 4.2 TRAINING INTERVENTIONS FOR QUARTER 1 (2025/26)- Short-term learning/mid-term training.

In terms of skills development, the reporting period was focused on short-term learning, which is derived from identified business needs, performance gaps, as well as individual performance development plans. A total of three (3) training sessions were conducted in collaboration with the COSEC Department, along with six (6) additional performance management sessions. Additionally, a Learnership in Business Management at NQF Level 3 is currently in progress.

Below is the breakdown of the interventions:

- 60 Delegates attended the Ethics training, including EXCO, Board Members, and the Ethics Ambassadors.

- 55 staff attended workshops on Performance Management.
- 8 new employees attended the New Hire Induction Programme.

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

- The WSP and ATR were submitted in line with the provisions of the Skills Development Act. The submission is not executed for compliance purposes, but it also enables the entity to qualify for Mandatory Grants, which JOSHCO continues to receive.

### 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 signing of scorecards remains unchanged from the previous reporting period.

Individual 2024/25 performance review and appraisal sessions have started. The signing of 2025/26 scorecards has been communicated at a departmental level.

**Table 33: Contracting update**

Department	No of Eligible staff	Submitted to date	% Submitted	% Not Yet Submitted
Office of the CEO (CEO, IA, Legal & Cossec)	10	10	100%	0
Office of the COO (COO, Housing Management, Housing Development, Community Development, ICT, Stakeholder Relations)	436	387	88%	12%
Office of the CFO (CFO, SCM & Finance Core)	14	14	100%	0%

Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	7	7	100%	0%
Corporate Services (EM, HR, Marketing, Health & Safety and Customer Services)	19	19	100%	0%
<b>Total</b>	<b>486</b>	<b>437</b>	<b>90%</b>	<b>10%</b>

**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
Four (4)	Fraud and corruption	22 <sup>nd</sup> November 2024	Matter not finalised: Disciplinary hearing scheduled for the 29 <sup>th</sup> and 30 <sup>th</sup> of September 2025.
	Fraud and Corruption	29 <sup>th</sup> July 2025	Matter not finalised: Under investigation
	Fraud and Corruption	31 <sup>st</sup> July 2025	Matter not finalised: under investigation.
	Intimidation	31 <sup>st</sup> July 2025	Matter not finalised: under investigation.

**Disciplinary Matters.**

Number of misconducts	Type of misconduct	Status	Comment
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Eight (8) misconduct cases	Intimidation and/or assault, harassment, and unauthorized occupation of JDA offices by SAMWU shop stewards at Johannesburg Development Agency.	Ongoing	Disciplinary hearing was scheduled for the 19 <sup>th</sup> of June 2024, postponed due to a plea agreement proposed by the employee representative. The mandate was shared with the employer representative, awaiting a way forward.
	Contravened clause 1.2.9 of the Disciplinary Procedure and Collective Agreement.	Ongoing	Awaiting a new date from the Presiding Officer.
	Contravened section 2 (a)(d) of the CoJ Code of Conduct. Contravened the JOSHCO Payroll Standard Operating Procedure.	Finalised	Matter finalised: Written Warning
	Absenteeism without authorisation	Finalised	Matter finalised: Dismissed
	Financial misconduct	Ongoing	Matter not finalised: Disciplinary hearing was scheduled for the 29 <sup>th</sup> and 30 <sup>th</sup> of September. However, postponed to 13 <sup>th</sup> and 14 <sup>th</sup> October due to non-attendance of the charged employee.
	Contravened clause 5.2.3 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of Joshco.	Ongoing	Matter not finalised: Disciplinary hearing is scheduled for the 30 <sup>th</sup> of September and 1 <sup>st</sup> of October 2025.
	Contravened clause 5.2.3 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of Joshco.	Ongoing	Matter not finalised: Disciplinary hearing is scheduled for the 30 <sup>th</sup> Sept ember 2025 and 1 <sup>st</sup> of October 2025.

	Contravened section 2 (a)(d) of the CoJ Code of Conduct. Contravened the JOSHCO Payroll Standard Operating Procedure.	Ongoing	Matter not finalised. To appoint a presiding officer and prosecutor.
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#### GRIEVANCE MATTERS.

Number of grievances	Status	Comment
Four (4) grievances	One (1) Ongoing	A grievance meeting was scheduled for the 22 <sup>nd</sup> of September 2025 but was postponed due to the unavailability of the employee representative.
	One (1) Ongoing	Awaiting for an outcome report from the chairperson.
	Two (2) Finalised	None

#### MATTERS AT BARGAINING COUNCIL/ CCMA

- CCMA referral

Number of disputes	Status	Comment
Two (2)	One (1) Finalised	Employee withdrawn
	One (1) Ongoing	To oppose a condonation application.

- SALGBC referrals

Number of disputes	Status	Comment
One (1)	One (1) ongoing	The matter is set down for the 21 <sup>st</sup> of October 2025.

#### LABOUR COURT

Number of cases	Status	Comment
One (1)	One (1) ongoing	

## 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 34: Leave Taken Analysis**

Type of Leave	Jul y	Aug ust	Septem ber	Total Leave Days Taken	Increase/Decrease from previous quarter	Reason
Annual	419.50	321	212	952.50	Decrease	Includes compulsory leave
Sick	122	104	50	276	Increase	Change of Season
Family Resp. & Paternity Leave	25	10	16	51	Increase	Unpredictable/unforeseen
Maternity Leave	0	10	21	31	Decrease	Unpredictable/unforeseen
Unpaid Sick	4	12	0	16	Increase	Results from exhausted Sick & Annual leave
Long Service	0	8	0	8	No change	Periodic/ Compulsory to qualifying staff
Study/Exam leave	45	14	14	73	Increase	Exam season
Special (Court)	0	1	0	1	No change	Unpredictable/unforeseen

Injury on Duty	0	3	4	7	Increase	Unpredictable/ unforeseen
AWOL/Unpaid	48	6	0	54	Increase	Unforeseen/ absenteeism
<b>Total</b>	<b>663.50</b>	<b>489</b>	<b>317</b>	<b>1 469.50</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 July 2025 to September 2025, a total of **33** JOSHCO employees encashed **368** annual leave days, averaging 11 leave days encashed per employee, resulting in a total amount of **R 793 013.20**
- Additionally, **144** Securities and Cleaners encashed **1 710** annual leave days during the same period, averaging 12 leave days encashed per employee, which amounted to **R 1 021 559.28**

**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 condition 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 June 2025. Additionally, a total of 2 Securities and Cleaners are beneficiaries of the housing allowance.

#### **8.4. Locomotive Allowance.**

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

#### **8.5. WELLNESS PROGRAMME**

JOSHCO's Wellness Programme aims to promote a mentally and physically healthy workforce, thereby boosting employee morale and performance. Through this initiative, all employees and their immediate family members have access to the Lyra Wellbeing Program (formerly ICAS services), supported by a range of wellness-focused activities.

On 30 September 2025, JOSHCO hosted a Wellness Event that took a comprehensive approach to employee wellbeing, with a focus on physical health. In partnership with the Department of Health, free health screening services were offered. These screenings included tests for blood pressure, blood sugar, total cholesterol, body mass index (BMI), waist and hip measurements and ratio, pap smears, chest and TB screenings, as well as HIV testing. The purpose of these screenings was to identify potential health issues early, enabling timely and effective treatment.

##### **8.5.1. Impact of the Wellness Programme**

Regular wellness checks for staff can encourage healthier behaviours within the organization. These checks motivate employees to make better lifestyle choices, positively impacting their physical, mental, and emotional well-being. They also equip staff with the necessary skills, motivation, tools, and support to replace unhealthy habits with healthier ones. As a result, improved employee behaviour and healthier lifestyles contribute to reduced health risks and a lower likelihood of developing chronic diseases.

## **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 Occupational Health & Safety in quarter 1 of the 2025/2026 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 35: JOSHCO Fire incidents, Injury on Duty (IOD), First Aid incidents, medical treatment incidents and Near miss incidents recorded.**

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

- On Thursday, 14 August 2025 at approximately 12:44 at the head office, Ms. S. Mntoza missed a step and accidentally tripped and fell when she was walking down the stairs. She then sprained her right ankle and was deemed fit to resume with normal duties on 12 September 2025 (**IOD**).
- On Sunday, 14 September 2025, a Security Officer reported a veld fire that started outside the site office of Lufhereng boundary wall construction project. The Security Officer rapidly responded and extinguished the fire with approximately 19 fire extinguishers (**Fire incident**). The following were observed:
  - i. Suspected cause – Arson.
  - ii. Affected area – Barricading fence and net at the site office.

## 9.2. Health and Safety Awareness and Training Recorded.

### 9.2.1. Table 36 : Health and Safety Awareness and Training Recorded.

Tenant orientation and training workshop
Fleurhof Riverside – 41 City deep - 42 Turfontein - 138 Fleurhof Junction – 59 Pennyville - 32
<b>Total:312</b>
In Quarter 1, <b>Health and Safety Unit</b> continued to participate in the tenant orientation programme with the Stakeholder Engagement Unit at Fleurhof Riverside, City Deep, Turfontein, Fleurhof Junction

and Pennyville to raise awareness regarding the management and prevention of emergency situations. A total of 312 occupants were reached.

### 9.3. HEALTH AND SAFETY INSPECTIONS

- On 25 August 2025 at approximately 14:44, the activities of a contractor were halted at the Riverside view construction site due to failure to comply with Construction Regulation (CR). The following risks were observed:
  - I. Deep excavation unsafely secured, without adequate signage – Posing Health and Safety Risk, CR 13 (2).
  - II. The construction site was not safely secured, the netting is inadequate and there is no access control in place – (Health, Safety, Security & Public Safety Risk & litigation).
  - III. A pedestrian was walking across the site with open shoes (flip flops) – (Health and Safety Risk).
  - IV. The activities of the contractor resumed on the 27 August 2025 following implementation of corrective action



*Picture 3&4: (Left) Pedestrian walking across*



*(Right) Corrective action Implemented (Riverside).*

### 9.4. HEALTH AND SAFETY INSPECTIONS

#### 9.4.1 Table 37: Health and Safety Inspections Q1 Findings

Site	Major findings	Status update by the Risk owner (Housing Management)
City deep	No major findings recorded.	
Union Square	Mould problem in unit 0401 need to be treated and prevented – Health risk.	The mould in the units will be treated according to the planned maintenance program in the second quarter.
Europe	Mould problem caused by sewerage water that has	The sewer had been fixed, awaiting the wall to be dry to paint.

	flooded the basement. Sprinkler system out of service due to decaying pipe infrastructure – Health & Fire risk.	The sprinkler will be serviced during the routine annual fire services which is due.
<b>Raschers</b>	Removal of waste bins and the general work duties were not adequately carried out due to shortage of staff.  Inadequate water supply due to decaying pipe infrastructure – Hygiene and Fire risk.	Waste management corrected Fire extinguishers are due for service at the end of October 2025.
<b>Hoek Street</b>	Removal of waste bins and the general work duties were not adequately carried out due to shortage of staff.	Waste management removal corrected.
<b>Turffontein</b>	Display the SABS approved fire & emergency signages.  Repair and maintain the jungle gym.	The Jungle Gym will be repaired in accordance with the planned maintenance in Q2.
<b>Riverside view</b>	Electrical fence is damaged.  Fire extinguishers are out of service this poses Fire and Security risk.	Electrical fence is deferred to quarter 2 under planned maintenance. Fire equipment logged by Housing Supervisors awaiting the allocation of a service provider by SCM.
<b>Fleurhof Riverside</b>	No major finding recorded.	
<b>Fleurhof Junction (4)</b>	Water problem causing mould at unit 0012 – Health risk.	Water detection had been done, and problem will be resolved on Q2

## 9.5 FACILITY MANAGEMENT EFFICIENCY

### 9.5.1 Head Office Maintenance

In quarter one of the new financial year, facility management has not experienced any major issues. Minor maintenance works at the Head Office, were attended to by internal Handymen employed through the EPWP programme.

### **9.5.2 Power Outages**

Braamfontein has been experiencing power outages which has resulted in JOSHCO operating with a generator.

### **9.5.3 Water Outage**

Braamfontein also experienced water outage on Tuesday, 23 September 2025. To mitigate sanitation risks, staff members were released from the office and permitted to work from home for the rest of the day. Water was restored by Wednesday, 24 September and normal business operations resumed on Thursday, 25 September 2025.

# CHAPTER 5

## FINANCIAL PERFORMANCE AND EXPOSURE



<b>Table 38: Statement of Financial Position for the period ended 30 September 2025</b>					
<b>Description</b>	<b>30 September 2025</b>	<b>30 June 2025</b>	<b>Movement</b>	<b>Movement %</b>	<b>Note reference</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>		
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	486	484	2	0%	
Loans to shareholders	5 958	5 958	-	0%	
Receivables from exchange transactions	1 289 317	1 181 627	105 664	9%	1.1.1
Receivables from non-exchange transactions	40	45	(5)	-11%	1.1.2
VAT receivable	2 874	2 497	377	15%	1.1.3
Cash and cash equivalents	23 052	22 689	363	2%	
<b>Total current assets</b>	<b>1 321 727</b>	<b>1 213 300</b>	<b>108 427</b>	<b>9%</b>	
<b>Non-current assets</b>					
Property, plant and equipment	26 564	27 843	(1 279)	-5%	1.1.4
Intangible assets	3 539	3 744	(205)	-5%	
Investment in joint venture	21 150	21 700	(550)	-3%	1.1.5
<b>Total non-current assets</b>	<b>51 253</b>	<b>53 287</b>	<b>(2 034)</b>	<b>-4%</b>	
<b>Total Assets</b>	<b>1 372 980</b>	<b>1 266 587</b>	<b>106 393</b>	<b>8%</b>	
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Loans from shareholder	1 994 540	1 728 551	265 989	15%	1.2.1
Borrowings - DBSA	1 499	2 142	(643)	-30%	1.2.2
Payables from exchange transactions	1 493 145	1 546 413	(53 268)	-3%	1.2.3
Deferred income	21 207	21 207	-	0%	
<b>Total current liabilities</b>	<b>3 510 391</b>	<b>3 298 313</b>	<b>212 078</b>	<b>6%</b>	
<b>Non-Current Liabilities</b>					
Borrowings - DBSA	4 869	5 144	(275)	-5%	
Deferred Income	178	178	-	0%	
<b>Total non-current liabilities</b>	<b>5 047</b>	<b>5 322</b>	<b>(275)</b>	<b>-5%</b>	
<b>Total Liabilities</b>	<b>3 515 438</b>	<b>3 303 635</b>	<b>211 803</b>	<b>6%</b>	
<b>Net Liabilities</b>	<b>(2 142 458)</b>	<b>(2 037 048)</b>	<b>(105 410)</b>	<b>5%</b>	
Share Capital	0,120	0,120	-	0%	
Accumulated deficit	(2 142 458)	(2 037 048)	(105 410)	5%	
<b>Total Net Liabilities</b>	<b>(2 142 458)</b>	<b>(2 037 048)</b>	<b>(105 410)</b>	<b>5%</b>	

The movements in the statement of financial position of +/- 10% and/or above R1 million are explained below:

## 1.1. ASSETS

### 1.1.1 Receivables from exchange transactions

Receivables from exchange transactions increased by R105.7 million (9%) compared to the previous quarter (Q4). The main contributors to the increase are special projects debtors and tenant debtors. Special projects contributed R100.6 million while tenant debtors contributed R5.1 million.

#### Special projects

Joshco charges a management fee of between 7% and 10% for all projects implemented on behalf of the COJ's departments and entities. There is delay in recovery of the outstanding amounts for work completed by Joshco for various reasons such as Service Delivery Agreement (SDA) issues (mandate issues) and validation of work by the departments. In this quarter, various interventions have been implemented to recover the outstanding amounts. The interventions include engagements with senior officials from the departments, escalations to the Group CFO, and demand letters issued to the departments. While the interventions have not yet yielded any positive results for the entity, should these measures not work in Q2, other measures will be explored such as termination of work and requesting CoJ's treasury department to settle the balances at a global level amongst others. It is to be noted that the delays in settlement of the invoices are negatively affecting JOSHCO's financial performance as the entity has to provide for long outstanding debtors and also causing the increase in the finance costs as JOSHCO has to settle the invoices for work done on behalf of the departments using the overdraft facility (Sweeping account). The sweeping balance has increased by R266 million to R1.99 billion as of 30th September 2025.

The table below breaks down the movements in amounts owed to JOSHCO by CoJ Core Departments and entities.

DEPARTMENT	OPENING BALANCE R'000	OPEX ADDITIONS R'000	CAPEX ADDITIONS R'000	CASH RECEIPTS R'000	CLOSING BALANCE R'000
CAM	174 095	-	66 155	-	240 250

DEPARTMENT	OPENING BALANCE R'000	OPEX ADDITIONS R'000	CAPEX ADDITIONS R'000	CASH RECEIPTS R'000	CLOSING BALANCE R'000
COMDEV CAPEX	50 040	-	-	-	50 040
COMDEV OPEX	60 447	-	-	-	60 447
HUMAN SETTLEMENT	819 293	22 297	39 073	(694)	879 969
COJ-COO OFFICE	14 854	-	-	-	14 854
GEF	4 065	-	-	-	4 065
HEALTH	6 542	-	-	-	6 542
JMPD	50 987	-	-	(5 200)	45 787
EMS	31 064	-	-	-	31 064
LECENCING	2 172	-	-	-	2 172
LEGISLATURE	46 823	-	-	-	46 823
SOCIAL DEV	14	-	-	(14)	-
TRANSPORT	23 903	-	-	-	23 903
CITY OF JHB/EPWP	4 129	-	-	(4 128)	1
COJ -FINANCIAL	6 218	35 005	-	(29 555) *	11 668
JDA	97	-	-	-	97
JPC	7 294	-	2 829	-	10 123
ECONOMIC DEVELOPMENT	835	-	-	-	835
PROVISION FOR DOUBTFUL DEBTS	(190 829)				(191 354)
<b>TOTALS</b>	<b>1 112 042</b>	<b>57 302</b>	<b>108 056</b>	<b>(39 591)</b>	<b>1 237 286</b>

\*The balance for COJ – Financial represents the subsidy receivable as informed by the approved budget. The amount of R29.56 million that reduces the balance receivable does not represent cash received. The subsidy amount is offset against the entity's salary bill. The balance of R11.67 million will be settled in the same manner during the month of October 2025.

The additions on Opex relate to services provided by Joshco on behalf of the departments such as facilities management services, Cleaning, and Repairs and Maintenance costs. Additions on Capex are for construction and professional fees rendered by Joshco. The above table shows that the entity has billed a total of R165.4 million, while receiving a total of R39.6 million (R29.56 million is not actual cash received as explained above). This continues to put further strain on the entity's financial position and its impact on other areas of the financial statements is explained further in the report (finance costs and Loan from shareholder i.e. sweeping account)

## Tenant Debtors

Tenant debtors comprise of amounts owing from the tenants for the JOSHCO portfolio (including student accommodation), SHRA funded portfolio and commercial spaces, and Human Settlement Stock (for the month of July 2025 as the stock has been transferred to COJ's Human settlement department as of 31<sup>st</sup> July 2025).

The movements in the balance are summarised in the table below.

Receivable from exchange transactions						
	Opening balance R'000	Opening Accumulated Impairment R'000	Net movements (July to Sept 2025) R'000	Closing Balance R'000	Closing Accumulated Impairment R'000	Net closing balance R'000
JOSHCO Portfolio	340 222	(320 585)	18 778	355 788	(334 262)	21 526
Human Settlement transferred Stock	196 930	(189 097)	2 115	199 045	(191 128)	7 917
Total tenant debtors	537 152	(509 662)	20 893	554 834	(525 390)	29 443

As at the end of this quarter, 94% (R525 million) of the total tenant debt has been provided for non-recoverable in line with JOSHCO's bad debts policy. The balance above also includes tenant debtors balance for the stock transferred to Human settlement department. As part of interventions to improve collection of current and historic tenant debt, the entity will be undergoing a process of profiling of the debtors to assess recoverability during the second quarter. This process will include amongst others, whether the tenants are employees of the City or its entities.

The reasons for underperformance for the quarter on rental collections are explained in section 2.1.2 of the report.

### 1.1.2 Receivables from non-exchange transactions

This line item represents staff debtors where bursaries were awarded, and the employees were not successful in passing their academic courses. As a result, the employees signed acknowledgement of debt (AOD) forms which involve salary deductions monthly. The movement is resulting from the monthly deductions of those staff debtors.

### 1.1.3 VAT receivable

This line item represents the difference between VAT output from revenue where VAT was levied and is due to SARS and VAT input from expenditure incurred which is claimed from SARS. For the

quarter, the entity had a net result of VAT claims receivable from SARS amounting to R377 thousand.

#### **1.1.4 Property, plant and equipment**

The movement is as a result of depreciation of moveable assets in accordance with GRAP standards which requires that the usage of the assets in their useful lives be accounted for through depreciation in the statement of financial performance.

#### **1.1.5 Investment in joint venture**

The JOSHCO Madulammoho Joint Venture (JMJV) is an investment between JOSHCO and Madulammoho for social rental housing. JOSHCO holds an ownership interest of 55%. During the quarter, the JMJV declared a total dividend of R1 million, of which R550 thousand was JOSHCO's share. JOSHCO therefore accounted for its share of the dividend in accordance with its accounting policy by reducing the carrying value of its interest in the Joint Venture.

### **1.2. LIABILITIES**

#### **1.2.1 Loans to shareholder**

This line item represents the entity's share of COJ's sweeping bank balance, which is a credit balance, and this balance attracts interest costs that significantly affect the entity's financial performance. Loans from shareholder increased by R266 million (15%) (from R1.73 billion in previous quarter to over 1.99 billion as of 30 September 2025). Joshco implements work on behalf of the departments and entities by appointing service providers and settle invoices from the appointed service providers using the loan to shareholder/sweeping balance. Joshco invoices the departments and entities and adding between 7 and 10% mark up to the invoice received from the appointed service providers. While the relationship between Joshco and the entities is governed by the signed service level agreements (SLAs), there has been a challenge over the years to recover the invoiced amounts resulting in increased loans to shareholder, interest expense and increase provision for doubtful debt. Measures to reduce the loan to shareholders are being implemented and these include amongst others financial discipline (spending within the approved budget and expenditure optimization), engagements to recover amounts due from departments and tenant debtors, and possible halting acceptance of further work from departments until historic debts are

recovered as this continues to increase pressure on the financial performance and position of the entity through increased interest expense and provision for doubtful debts.

The table below breaks down the movement in the sweeping account during the quarter.

<b>Loans from Shareholder/sweeping balance</b>					
	<b>Opening balance R'000</b>	<b>Inflows R'000</b>	<b>Interest on overdraft R'000</b>	<b>Outflows R'000</b>	<b>Closing balance R'000</b>
Sweeping Account	1 728 551	(38 060)	34 138	269 397	<b>1 994 540</b>

The table above indicates that the entity has a net cash outflow movement that far exceeds amounts received in the same period and the ideal position for the entity is to realize a net cash inflow which would result in the reduction in the loan to shareholder/sweeping balance and ultimately reduction in interest expense.

The table below illustrates and breaks down the cash inflows and outflows movements in the loan from shareholder:

<b>Description</b>	<b>Inflows R'000</b>
<b>INFLOWS</b>	
Dividends	550
Collection Rental	23 763
Utility Recoveries	1 713
Receipts from Special Project	10 036
<b>TOTAL INFLOWS</b>	<b>38 060</b>
<b>Description</b>	<b>Inflows R'000</b>
<b>OUTFLOWS</b>	
JOSHCO Projects	(165 385)
Special Projects	(104 012)
Interest on negative balance	(34 138)
<b>TOTAL OUTFLOWS</b>	<b>(303 535)</b>
<b>NET CASH OUTFLOWS FOR THE QUARTER</b>	<b>(265 475)</b>

### 1.2.2 Borrowings – DBSA

JOSHCO has two loans from Development Bank of Southern Africa (DBSA) for City Deep Housing Project and Roodepoort Social Housing Project. The loan period is for twenty years, bearing interest at

a fixed interest rate of 8.5% per annum. The borrowing is repayable in 36 equal six-monthly instalments (March and September) with the last redemption date in March 2029. The movement in the balance resulted from the payment made during the quarter and the interest that has been accounted for in line with the loan's amortization schedule.

### **1.2.3 Payables from exchange transactions**

Based on the above table, the entity has made payments to suppliers for special projects totaling R104 million during the quarter, while in the same period, the departments and entities have made payments to JOSHCO amounting to only R10 million. This has resulted in the continued increase of JOSHCO's negative sweeping balance and interest expense incurred also impacts on the entity's growing deficit.

To manage the payables balances, JOSHCO will periodically be analyzing the age of the payables balances and proceed to reverse liabilities that are 3 years and older that also qualify for legal prescription. The above is over and above settlement of invoices within 30 days.

## 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 30 September 2025 resulted in a deficit of R105 million.

<b>Table 39: Statement of Financial Performance for period ended 30 September 2025</b>					
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Variance %</b>	<b>Note reference</b>
	<b>YTD</b>	<b>YTD</b>			
	<b>R'000</b>	<b>R'000</b>			
Rental Income	40 083	42 958	(2 875)	-6.69%	2.1.1
Subsidies	35 005	35 005	-	0.00%	
Management Fees	7 808	17 614	(9 806)	-55.67%	2.1.2
Interest Income	7 918	6 662	1 256	18.85%	2.1.3
Utility Recoveries	2 610	1 041	1 570	150.82%	2.1.4
Other Income	18	104	(86)	-82.69%	2.1.5
Interest Income sweeping	-	455	(455)	0.00%	2.1.6
<b>Total Revenue</b>	<b>93 442</b>	<b>103 839</b>	<b>(10 396)</b>	<b>-10%</b>	
Personnel costs	(60 006)	(56 691)	(3 315)	-6%	2.3.1
Board Fees	(479)	(645)	166	26%	2.3.2
Debt impairment	(15 727)	(6 902)	(8 826)	-128%	2.3.3
Depreciation and Amortisation	(1 483)	(446)	(1 038)	-233%	2.3.4
Finance Costs	(34 810)	(263)	(34 548)	-13161%	2.3.5
Bad Debt written off	(1 250)	-	(1 250)	-100%	2.3.6
Repairs and Maintenance	(411)	(19 074)	18 663	98%	2.3.7
Security	(18 149)	(2 764)	(15 590)	-564%	2.3.8
Utilities	(55 979)	(5 391)	(50 593)	-939%	2.3.9
Administrative	(10 557)	(11 660)	(1 103)	-9.5%	2.3.10
<b>Total Expenditure</b>	<b>(198 852)</b>	<b>(103 839)</b>	<b>(95 013)</b>	<b>-91.5%</b>	
<b>Operating (Deficit) before tax</b>	<b>(105 410)</b>	<b>-</b>	<b>(105 410)</b>		
Taxation	-	-	-	-	
<b>Operating (Deficit) after tax</b>	<b>(105 410)</b>	<b>-</b>	<b>(105 410)</b>		

## 2.1. REVENUE

### Composition of Revenue

The entity's revenue is derived from the streams per Table 40 below.

**Table 40: Composition of Revenue**

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	40 083	42 958	43%
Subsidies	35 005	35 005	37%
Interest Income sweeping	-	455	0%
Management Fees	7 808	17 614	8%
Interest Income	7 918	6 662	8%
Utility Recoveries	2 610	1 041	3%
Other Income	18	104	0%
<b>Total Revenue</b>	<b>93 442</b>	<b>103 839</b>	<b>100%</b>

Total revenue is below the budget by R10.4 (10%) overall. The variances in performance that exceed 10% and/or R1 million are explained below:

#### 2.1.1 Rental income

Rental income is under budget by R2.87 million (6.69%) due to vacancies in commercial rental spaces in various properties in JOSHCO's portfolio. Currently, out of a total of 52 commercial spaces, there are 17 vacant commercial spaces across 5 properties.

#### 2.1.2 Management fees

Management fees are under budget by R9.8 million (55.67%) due to the delays in validation of work done by officials of the Special project client Departments. JOSHCO will continue with monitoring and implementing new projects and where required, adjustments will be made during the mid-term budgeting process.

#### 2.1.3 Interest income

The interest income charged on overdue rental debtors is above budget by R1.26 million (18.85%) due to interest charged to defaulting tenants. Although interest income reduces deficit, the historic nature of tenant repayments shows that there is a low likelihood of recovering the interest as this is emanating from long outstanding tenant debt. As a result, this income is off set by the debt impairment expense as well as bad debts written off for tenant debtors.

#### 2.1.4 Utility recoveries

Utility recoveries exceeded budget by R1.57 (150.82%) million in the quarter. This is due to commercial properties that are not on prepaid system. In addition, the entity has rolled out metres to 27 properties through service providers who provide vending services to tenants to enable the entity to recover utility costs from consumption by tenants.

**2.1.5 Other income**

Other income is amounts earned from the sale of tender documents on advertised tenders by JOSHCO. This income is variable in nature and is driven by the level of interest from the market to purchase the tender documents. In the quarter under review, there were fewer tender sales which resulted in the revenue being below budget by R86 thousand (82.69%)

**2.1.5 Interest income sweeping**

The entity has had no income from interest on sweeping account. This is because the entity’s sweeping bank balance is in overdraft amounting to almost R2 billion.

**2.2.1 Revenue Collection**

JOSHCO’s revenue collection target for the 2025/26 financial year is 80% collection of debtors in respect of rentals. The entity achieved an overall collection average (excluding City referral stock) of 73% for the year-to-date, which is 7% below the target. The entity’s collection levels are 2% higher than the previous quarter’s collection average of 71%, which indicates an upward trajectory as collections moved closer to the 80% target of the entity. The monthly collections for the current quarter were as follows; 71% in July 2025, 76% in August 2025 and 71% in September 2025.

The underperformance is mainly caused by the rising number of unemployed tenants and campaigns for ownership by the formed organization named Social Housing Movement, which is influencing tenants that they should have taken ownership of SHRA funded facilities and should stop paying rent. Most commercial payments were made after the period was closed and will reflect under October month. JOSHCO owned facilities are performing within the required levels and this is mostly due to the focus shift from the underperforming City referral stock to the facilities owned by JOSHCO and funded by SHRA.

The table below is a summary of the rental collection levels per category for the period ended 30 September 2025.

**Q1 Summary of collection performance (Without City Stock) (30 Sept. 2025)**

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		
SHRA Projects (13)	27 784.43	-19 146.67	69%	8 637.76
JOSHCO Projects (11)	7 540.24	-6 516.97	86%	1 023.27
Retail Space (9)	1 714.46	-1 191.16	69%	523.31
<b>OVERALL COLLECTION</b>	<b>37 039.13</b>	<b>-26 854.80</b>	<b>73%</b>	<b>10 184.33</b>

The portfolio which brings down our revenue collection remains the **City referral stock**.

This stock does not meet the criteria for stock to be held by a social housing company and jeopardizes JOSHCO's already compromised standing accreditation with the regulator, SHRA (Social Housing Regulatory Authority).

**The Council on 31<sup>st</sup> July 2024** has resolved for this **stock to be handed back to the city**. This Stock was finally handed back to the Department of Human Settlements on the 31<sup>st</sup> July 2025.

The monthly collections for current quarter **with the City Referral Stock** we as follows;

**Q1 Summary including City Stock (30 Sept. 2025)**

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		
SHRA Projects (13)	27 784.43	-19 146.67	69%	8 637.76
JOSHCO Projects (13)	7 540.24	-6 516.97	86%	1 023.27
City Referral (9+1)	3 015.28	-900.17	32%	2 115.10
Retail Space (9)	1 714.46	-1 191.16	69%	523.31
<b>OVERALL COLLECTION</b>	<b>40 054.41</b>	<b>-27 754.98</b>	<b>69%</b>	<b>12 299.43</b>

## 2.2.2 Revenue Collection by Debt Collection Companies

The debt collection companies to be appointed will proceed with collection of all debt above 60 days. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

The entity has various strategies being implemented to improve collection levels and to encourage tenants to settle their debt while it is still affordable. These strategies are explained further in section 5.1.2 of the report. The entity is 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.

## 2.3. EXPENDITURE

### **Analysis of major expenses with significant variances (10% and above or over R1 million) between actual and budget:**

- a) **Personnel costs:** The employee cost is R3.3 million (6%) over budget due to salary adjustments for PFA and EPWP employees where extensions were granted while funding from the grant was not yet confirmed. Going forward, management is developing a structured operating procedure for management of the EPWP program in the entity to ensure that spending is supported by valid funding sources from grants issued at national government in favor of CoJ and subsequently JOSHCO. The PFA budget is incorporated during the adjustment budget process and will be aligned as such in its conclusion similar to the previous year. In addition, the entity intends to motivate the shareholder for an increase in the budget to fund the EPWP staff currently employed by the entity. The outcome of this will be known once the mid-term budget process is concluded during quarter 3 of the financial year.

**Board Fees:** Board fees are 26% below budget due to fewer meetings being held in the quarter. The board fees are also variable in nature as they are driven by need for additional meetings as well as attendance of members.

- b) **Debt impairment:** The debt impairment budget represents the rental amounts billed that are not expected to be collected timeously. The debt impairment is above budget by R8.8 million (128%) due to low collection levels of historic tenant debt resulting in more tenant debt being impaired as the age of the debt exceeds 60 days or more.
- c) **Depreciation and Amortisation:** Depreciation and amortisation is R1 million (233%) over budget due to the purchase of additional computer equipment and office equipment.
- d) **Finance costs:** Finance costs exceed the budget by R34.5 million (13 161%) due to interest incurred on negative Sweeping account (overdraft) arising from delays in receiving payment from projects undertaken on behalf of COJ departments. The overdraft balance is currently at about R2 billion.

- e) **Bad debts written off:** Bad debts written off amounted to R1.25 million. These are irrecoverable amounts from tenants per the conditions of the bad debt write-off policy. The bad debts were not budgeted for as the entity does not anticipate nor plan for writing off debts; instead. The focus of the department and one of its main priorities is to collect all outstanding rental debt. Amounts written off were due to 1) untraceable tenants who have vacated JOSHCO's rental units, and these former tenants have been blacklisted on ITC for the unrecoverable amounts, and 2) Tenants who signed AODs with debt that qualified for interest freezing by also agreeing to a Debi-check or stop order for their monthly repayments.
- f) **Repairs and Maintenance:** Repairs and maintenance expenditure is significantly below budget. This is largely due to internal revamping of processes to enable centralized procurement and budget monitoring functionality in MDA system for better monitoring of expenditure throughout the financial year. The validation process of invoices has been implemented, and it is expected that the repair and maintenance expenditure will accelerate as officials will have adapted to the new workflow and its applicable controls.
- g) **Security:** Security services are R15.59 million (564%) above budget. The approved budget was only for security costs for head office. However, JOSHCO continues taking on burden to secure City-owned buildings as the entity has a responsibility to the tenants to ensure facilities are kept safe. Therefore, the entity will continue to incur security costs across the JOSHCO managed properties to ensure that the entity services its tenants as agreed in the leases. JOSHCO will also engage with the shareholder during the mid-year budgeting process to intervene by allocating budget to the entity for the continued security costs incurred by the entity.
- h) **Utilities:** The utilities expenditure is R50.59 million (939%) above budget due to slow pace in rolling out prepaid vending systems. As at the end of the quarter, 26 properties have prepaid vending systems in place to recover water and electricity costs from tenants. It was also noted that utility costs amounting to approximately R5.25 million relating to stock that was transferred to the department of human settlements was incorrectly billed to the entity. The finance department has engaged with Group revenue, and it was indicated that these costs will be reversed during the next quarter. Once the credit notes are issued to JOSHCO, finance will also adjust the year-to-date utility expenditure accordingly.
- i) **Administrative costs:** The administrative costs are R1.1 million (9.5%) above budget due to consulting fees as well as legal fees to secure evictions.

### SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as of 30 September 2025 is R23.1 million. The tenant deposit account has a balance of R20.81 million. The old SHRA account has a balance of 2.2 million. An amount of about R2 billion represents the entity's portion on the CoJ sweeping account and is disclosed as a current liability (Loans from shareholder).

#### SHRA Trust Account

The entity has a trust account where SHRA disbursements are received to ensure funds are ringfenced for spending on SHRA projects. The account was opened after Board approval and is managed by attorneys on our behalf. The balance of the account is disclosed as a sundry receivable in JOSHCO AFS. The table below shows the movement in the trust account.

Description	30-Sep-25 (R'000)	30-Jun-25 (R'000)
Opening balance	25 747	45 411
Interest earned on bank balance	266	2 240
Amounts received from SHRA	-	27 851
Payments made to service providers	-	(49 755)
<b>Closing balance</b>	<b>26 013</b>	<b>25 747</b>

### SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The approved adjustment capex budget for the 2025/26 financial year is R206.6 million (24/25: R270.8 million) funded from external funding sources (EFF). As of 30 September 2025, JOSHCO's verified spend for the quarter under review is 32% against a cumulative target of 25%. This is reflected in Table 42 below. The detailed budget per project is shown in Table 43.

Table 42: CAPEX Spend

SOURCE	BUDGETS	CLAIMS	%
EFF -350	206 637 000	66 154 696,99	32%
CRR-360	-	-	-
MIG-373	-	-	-
<b>TOTAL</b>	<b>206 637 000</b>	<b>66 154 696,99</b>	<b>32%</b>

Table 43: CAPEX Spend per project

Project Name	Budget (R000)	Expenditure (R000)	Balance (R000)
<b>EXISTING STOCK REDEVELOPMENT: UPGRADE AND</b>	10 000	835	9 165
30042 - Kelvin	1 000	2 222	(1 222)
<b>LOMBARDY EAST HOUSING PROJECT</b> New Housin	1 000	-	1 000
<b>LUFHERENG SOCIAL HOUSING PROJECT</b> New Ho	10 000	2 999	7 001
<b>NANCEFIELD STATION HOUSING/KLIPSPRUIT ST</b>	55 000	12 119	42 881
Selkirk Social Housing Project New Housi	20 000	7 712	12 288
Golden highway Social Housing project Ne	10 000	5 659	4 341
Casamia Renewal Building Alterations	1 000	-	1 000
Malvern Emergency Housing Project	500	-	500
38 Rissik Street (NBS) Inner City Buildi	1 000	-	1 000
Booyens Place Inner City Building C	38 000	6 518	31 482
Smit Street Inner City Building Con	500	-	500
Marlboro Social Housing Project Regi	1 000	-	1 000
Turn-Key 1: Region A	53 000	18 501	34 499
Turn-Key 1: Region B	1 000	-	1 000
30041 - Park Chambers	2 000	5 376	(3 376)
Frank Brown/ Milpark Social Housing Deve	637	3 903	(3 266)
Tum-Key : Region F (Denver Social Housi	1 000	311	690
	<b>206 637</b>	<b>66 155</b>	<b>140 482</b>

## SECTION 5: RATIO ANALYSIS

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

Table 44: Key Ratio Analysis as at 30 June 2025

Description	Q1	Target/ Norm	Notes (Implications)
<b>Solvency Ratio</b>	0.39:1	1:1	Variance of 0.61:1
<b>Current ratio</b>	0.38:1	1:1	Variance of 0.62:1
<b>Gearing</b>	-164%	25%-50%	Ratio is negative due to entity having net liability position
<b>Cost coverage ratio</b>	-33 Months	1-3 months	Ratio is negative due to negative sweeping balance
<b>Employee related costs to total expenditure</b>	30%	25%-40%	Ratio is within the norm

Description	Q1	Target/ Norm	Notes (Implications)
Repairs and maintenance to total expenditure	0.21%	N/A	
Total expenditure against budget	46%	25%	
Total capex against budget	32%	25%	

**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 caused by poor collection of debtors and high operating costs, mainly utilities, finance costs as a result of payments for special projects where CoJ Departments are not settling amounts owed to JOSHCO and repairs and maintenance costs from unplanned maintenance on dilapidating buildings.

- 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 non-payment of long outstanding debt owed to JOSHCO.
  - Student accommodation – Currently under implementation with one project completed and tenanted. Additional student accommodation projects are in progress to raise more cash due to their satisfactory performance in rental collection.
  - Commercial spaces – maximise commercial spaces available for additional revenue to be generated. As at the end of the quarter, out 52 retail spaces, there is 32 occupied spaces and 20 vacancies (3 emptied by MMC, 5 vacant in Kerk Street, 6 in Booyesen’s (under construction), 3 vacancies at NBS, 2 vacancies at 16 Wolmarans, and 1 vacancy at Raschers.

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 through a revised standard operating procedure that will ensure the program is efficiently managed to avoid overspending.
- 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. As at the end of the quarter, the entity has rolled out meters to 27 of our projects (25 properties with Inzalo & 2 properties with Syntel) and the rest are still under City Power.
- Security – Implementing of cost cutting measures are in place. i.e. lower grade guards and reduction in number of guards where possible.
- Overall, there is a drive to interrogate all major expenditure to ensure optimisation and financial discipline.

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. To address the overspending, the entity is in the process of recommending for the introduction of in-house vending through the establishment of a Utilities management division with the appointment of a Utilities Management Specialist and Officer who will further assume responsibility of ensuring the integrity, accuracy and timeliness of utilities recoveries for each of our projects working hand-in-hand with the appointed service providers or City Power rented sub-system for the internal vending system.
- Engagements have been 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 stock was transferred during the 1<sup>st</sup> quarter of 2025/26 financial year on 31<sup>st</sup> July 2025.

- The entity 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 possible.

### **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 tenants to settle rental debt through initiatives that will bolster revenue collection and ultimately establishing a book value that are sustainable and viable. The portfolio which brings down our revenue collection remains the City referral stock. This stock does not meet the criteria for stock to be held by a social housing company and jeopardizes JOSHCO's already compromised standing accreditation with the regulator, SHRA (Social Housing Regulatory Authority).

The Council on 31<sup>st</sup> July 2024 has resolved for this stock to be handed back to the city. The GM & COO is currently engaging with the Executive Director for Human Settlements on this matter and this transfer was finalised on the 31<sup>st</sup> July 2025.

In addition, the initiatives to bolster collection levels include the following:

- Improved Revenue Collection: Achieved 73% collection without City Stock for Q1 of 2025/26 compared to a 71% collection rate in the previous quarter.
- 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. We have thus far (July & Aug 2025) collected over R623k from the 50% settlements vouchers in this quarter vs 940k collected in the last quarter
- Non-Reversible Payment Methods: Introduced DebiCheck mandates for new accounts, lease renewals, and payment arrangements. We have signed more than 13 AOD's in this quarter and this has increased the number of debit check mandates to 706 and increased our guaranteed income by R1.03 million.

- Technology Enhancements: Deployed Speed Point devices for tenant convenience and biometric access for valid leaseholders.
- Implementing departmental changes to reduce costly inefficiencies. responding to new competitive markets. and developing strategies to move forward successfully. The revenue department has been grouped into two teams which will be the current Credit control division as well as the Pre-legal department
- Introduction of in-house electricity vending system and installation of smart meters to better manage and control utility bills. Full recovery of utility costs through the use of prepaid electricity meters and usage-based smart water meters active, charged and monitored across all estates would improve utilities expenses across all accommodation types.
- Active call to default tenants to sign acknowledgement of debt (AOD's) and make payment arrangements 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 through the introduction of a non-reversible debit-check payment method for all new accounts and tenants who are signing AOD for payment.
- 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. This stock was officially handed over to the department on 31 July 2025.

## **SECTION 6: SUPPLY CHAIN MANAGEMENT AND BBB-EE**

### **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 30 September 2025. only 60% of valid invoices were paid within 30 days per Table 43

below. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.

**Table 45: Payments within 30 days for Quarter 1**

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 4 2024/2025	1256	2 441	51%	1 185	49%
Quarter 1 2025/2026	322	413	77.9%	101	22.1%

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

The tables 46 below disclose the irregular as well as fruitless and wasteful expenditure as at the end of the quarter.

Recon of Irregular Expenditure	2025/26 (R) 000'	2024/25 (R) 000'
Opening Balance	928 231	573 721
Irregular Expenditure by Quarter		
Quarter 1:	-	
Quarter 2:		
Quarter 3:		661
Quarter 4:		798 567
Irregular Expenditure written off		(444 718)
Closing Balance (Unaudited)	928 231	928 231

There is potential irregular expenditure on the year-to-date overspend of the budget of over R98 million should the entity's deficit position not reverse by the end of the financial year

### Fruitless and wasteful expenditure

Description	2025 (R'000)	2024 (R'000)
Opening balance as previously reported	R758	R743
Expenditure relating to the current year	R2	R322
Expenditure written off	-	(307)
<b>Closing Balance (Unaudited)</b>	<b>R760</b>	<b>R758</b>

Fruitless and wasteful expenditure incurred relates to Unauthorised debit orders amounting to R2 486. The entity files objections with the bank on a monthly basis and these are reversed once successful.

### 6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

There are no approved variation orders for the period under review.

## 6.5 AWARDS MADE FOR THE YEAR

The table below details all awards made via a public tender (above R750 000) or through our approved panels (above R1 million) for the year ended 30 September 2025. Appointment to a panel has no award amount because the appointment to a panel does not guarantee awarding of specific goods and services.

**Table 47: 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 D VALUE	AWARDED AMOUNT	BBBEE LEVEL	Source of Funding
RFQ/LUFH/06/2025	THE APPOINTMENT OF A CONTRACTOR FOR THE CONSTRUCTION OF A BOUNDARY WALL AT LUFHERENG SOCIAL HOUSING PROJECT	HOUSING MANAGEMENT	JOSHCO approved panel of Contractors	18 JULY 2025	RICHU TRADING ENTERPRISE	MALE	WINNING BIDDERS	R 20 546 453.48	R15,034,707 .06	ONE	SHRA funding
RFQ/EKHAYA/004	THE APPOINTMENT OF A CONTRACTOR FOR THE CONSTRUCTION OF A BOUNDARY WALL AT EKHAYA GARDENS SOCIAL HOUSING PROJECT	HOUSING MANAGEMENT	JOSHCO approved panel of Contractors	30 JULY 2025	KANO GROUP	MALE	WINNING BIDDERS	R15 678 076.22	R11,745,845 .40	ONE	SHRA funding
RFQ/PM/RANDBURG/001/2025	THE APPOINTMENT OF A PROJECT MANAGEMENT CONSULTANT FOR RANDBURG SELIRK SOCIAL HOUSING DEVELOPMENT PHASE 1, REGION B	HOUSING MANAGEMENT	JOSHCO approved panel of Contractors	13 AUGUST 2025	SAH DEVELOPMENT MANAGEMENT	MALE	WINNING BIDDER	R22 000 000,00	R22 000 000.00	ONE	COJ funding
RFQ/TEA/001/2025	THE APPOINTMENT OF A SERVICE PROVIDER FOR THE PROCUREMENT OF TEMPORARY EMERGENCY ACCOMMODATION (TEA) MODULAR SHIPPING CONTAINERS CONVERTED INTO RESIDENTIAL UNITS FOR JOHANNESBURG PROPERTY COMPANY (JPC)	SPECIAL PROJECTS UNIT (JPC)	JOSHCO approved panel of Contractors	13 AUGUST 2025	XIMAMBANA TRADING ENTERPRISE	MALE	WINNING BIDDER	R 22 000 000	R24,833,186 .86	ONE	JPC

## 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 B-BBEE levels of contributions. This expenditure includes expenditure done on behalf of other CoJ departments.

**Table 48: Expenditure by sourcing process (Nature)**

<b>a) Total Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 1 R'000</b>	<b>% of total expenditure</b>
Capital Expenditure	249 086	62
Operational Expenditure	153 307	38
<b>Total Expenditure</b>	<b>402 393</b>	<b>100</b>

<b>b) Capital Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 1 R'000</b>	<b>% Of Capex expenditure</b>
Professional Consultants	130 975	53
Contractor Payments	118 111	47
<b>Total Expenditure</b>	<b>249 086</b>	<b>100</b>

<b>c) Operational Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 1 R'000</b>	<b>% Spend</b>
Procurement <R750 000	9 119	6
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	536	0.3
Operational Expenditure	16 455	10.7
Security Services	98 727	65
Repairs and Maintenance	28 470	18
<b>Total</b>	<b>153 307</b>	<b>100</b>

## 6.7 ACHIEVEMENT ON B-BBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 49 to 51.

**Table 49: Summary of spend to at least 51% black owned companies.**

<b>Period</b>	<b>Total OPEX from procurement activities</b>	<b>OPEX to at least 51% black-owned companies</b>	<b>% Spend for the period</b>
	<b>R'000</b>	<b>R'000</b>	
<b>Quarter 1</b>	153 307	148 536	<b>97.21 %</b>

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	249 086	208 211	83.60 %

Table 50: Summary of spend on women owned companies.

Period	Total OPEX from procurement activities	OPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	153 307	1 765	1.15%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	249 086	4 945	1.98%

Table 51: Summary of spend on youth owned companies.

Period	Total OPEX from procurement activities	OPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	153 307	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 1	249 086	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 52:** 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.

LITIGATION	STATUS	DATE OF INCEPTION	POSSIBLE LIABILITY
1. Applications for demolitions in respect of the Dobsonville Social Housing Project.	<b>Progress:</b> There were two remaining structures that had to be demolished. One of the two structures was demolished on 24 January 2024. The demolition was concluded during the first quarter of 2025/2026 financial year.	30/06/2020	Expenditure to date: R 785 932,29 spent on legal fees.  Projected expenditure up to 30 June 2024: R0
2. Various evictions and recovery of outstanding rental.	<b>Progress:</b> There are four remaining court orders to be executed. Sheriff provided evictions dates to execute the evictions. Executions are to be executed at the end of this quarter (Q1 2025/2026 FY).	2019	Expenditure to date: R 5 571 322,48 spent on legal fees.  Projected expenditure up to 30 June 2024: R30 000
3. Social Housing Movement and 5 others // JOSHCO and 3 others	<b>Progress:</b> The matter was heard on 02 June 2025. The applicant's counsel conceded that prayer 1 and 2 of their notice of motion, ( i.e. where the applicants seeks that their leases be converted into instalment sale or lease town) were bad in law and therefore abandoned those prayers. Instead, they raised new arguments for the case. The judge allowed them to amend their case to introduce the new argument citing that the matter concerns constitutional rights,	12/09/2022	Expenditure to date: R382 653,90  Projected expenditure up to 30 June 2024: R70 000

	JOSHCO will have an opportunity to respond to the new argument. Importantly the Court has not granted any interdict or order to restrict JOSHCO from following lawful process to evict any defaulting residents. JOSHCO is to proceed with the eviction processes		
4. JOSHCO //Quick Prop Systems (Pty) Ltd	<b>Progress:</b> Court ruling was received in July in favour of Joshco and the amounts spent is set to be recovered from the service provider.	12/03/2023	Expenditure to date: R 419 310.90 Projected expenditure up to 30 June 2024: R0
5. JOSHCO//Illegal occupants of the Casa Mia building	<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 (Human settlements) to provide alternative accommodation for the illegal occupants. As part of the bad buildings' strategy, Casamia is earmarked for evacuation which will see the occupiers allocated to temporary emergency accommodation.	20/09/2023	Cost incurred to date: R 500 000 (paid). R 138 435.07. (unpaid) Projected expenditure up to 30 June 2024: R0.
6. TSSN Carriers (PTY) Limited//Joshco Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228	<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, TSSN thereafter submitted a settlement proposal to JOSHCO, which JOSHCO rejected. TSSN has applied for Arbitration. Arbitration proceedings. The matter was heard for Arbitration on 15 April 2025. Unfortunately, the arbitrator ruled against JOSHCO finding that the termination of the agreement between JOSHCO and TSSN Carriers was unlawful.	26/03/2024	Cost incurred to date: R211 598,70 Projected expenditure for the duration of the matter: R150 000.

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

<p>1. JEH Properties //JOSHCO Cancellation of Property Sale Agreement in respect of 195 Commissioner Street</p>	<p><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 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> 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.</p>	<p>22/05/2015</p>	<p>Expenditure to date: R38 775.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.</p> <p>Projected fees up to 30 June 2024: R5 000.00</p>
<p>1. 2.SKN Consulting // JOSHCO</p>	<p><b>Progress:</b> Attorneys have lodged a review application.</p>	<p>18/12/2015</p>	<p>Expenditure to date: R 79 940.00 spent on legal fees.</p>

Claim for damages.	The respondent has been served with the application, and JOSHCO's attorneys are awaiting the 15-day period for the respondent to file their answering papers.		Costs/claim to be recovered: R 13 926 340.53 spent on professional fees, R 719 340.00 for damages  Projected fees for review application: R249 590.25
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## SECTION 8: 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 53 below.

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

Name of department	30-Sept-25	30-Jun-25	Account Status	Comments
City of Johannesburg: Sweeping account	-1 994 540 138.93	-1 728 550 618.12	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: Salaries	-254 239 866.48	-264 245 964.17	180 days overdue	The Core Department allocates the cash to lower JOSHCO's salary liabilities rather than paying the operational subsidy directly to JOSHCO.
City of Johannesburg: Municipal Charges	-541 002 933.49	-503 285 435.37	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: GCSS	-288 660 499.09	-268 122 033.02	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints
City of Johannesburg: Human Settlements	879 969 306.40	802 800 301.73	180 days overdue	DHS has paid JOSHCO R693k in this quarter. Follow up letters has been sent to Head of Department on the 30th of September 2025. Furthermore JOSHCO Executive had a meeting on the 17th September 2025 regarding the outstanding debt. The Department has requested JOSHCO resubmit all the invoices for 24-25 Financial year including current year in order for Regions to prepare payment certificate that will allow their Finance Department able to process JOSHCO invoices for payment.
City of Johannesburg: Treasury	5 958 169.39	5 958 169.39	180 days overdue	The entity had a meeting 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	240 249 966.34	157 884 081.61	180 days overdue	The entity is engaging with CAM regarding the outstanding balance, JOSHCO invoices have been submitted to merchant for processing payment, JOSHCO will receive payment latest by end of October 2025.

Name of department	30-Sept-25	30-Jun-25	Account Status	Comments
City of Johannesburg: Health Department	6 541 968.34	6 541 968.34	180 days overdue	The entity is engaging with departments to settle the outstanding debts. On 30th September 2025 a follow-up letter was send to Head of Department; furthermore, a total of R2m invoices have been submitted to the merchant for processing. JOSHCO will receive a payment by end of October 2025.
City of Johannesburg: Development planning GEF Project	4 065 148.55	4 065 148.55	180 days overdue	The entity is engaging with the Department to clear the outstanding debt of R4m, The Department has requested JOSHCO to resubmit all the invoices worth R4m so that they can process the payment.
City of Johannesburg: JDA	96 800.00	96 800.00	180 days overdue	The entity made this payment in June 2025 on an old ABSA bank account the money bounced back to JDA's account; Finance is engaging them further to clear the debt
City of Johannesburg: JPC	10 122 994.90	3 347 239.93	90 days overdue	The entity is engaging with the Department to clear this long outstanding debt; A follow up letter was sent on the 30th of September 2025 to Head of Department
City of Johannesburg: Community Development	110 486 903.15	108 619 004.10	180 days overdue	The entity is engaging with the Department to settle the long outstanding debt a follow up letter was send on the 30th of September 2025 to Head of Department requesting them to settle the debt.
City of Johannesburg: Legislature	46 823 417.73	46 823 417.73	180 days overdue	The entity is engaging with the Department to settle the long outstanding debt a follow up letter was send on the 30th of September 2025 to Head of Department requesting them to settle the debt.
City of Johannesburg: JMPD	45 786 896.95	50 987 193.98	180 days overdue	Public Safety has made a payment of R5.2m in this quarter, A follow up letter was sent to Head of Department on the 30th of September 2025 requesting the Department to settle the balance.
City of Johannesburg: EMS	31 063 629.24	31 063 629.24	180 days overdue	Follow up letters have been sent to send to Head of Department on the 30th of September 2025 requesting the Department to settle the debt.
City of Johannesburg: Office of the COO	14 853 943.35	25 128 765.83	180 days overdue	
City of Johannesburg: DED	834 707.38	834 707.38	90 days overdue	
City of Johannesburg: Transport	23 903 012.83	23 903 012.83	120 days overdue	
City of Johannesburg -EPWP Grant	921.09	4 128 723.49	180 days overdue	Economic Development has made the payment to JOSHCO of R4m in this quarter the balance is R921k
Name of department	30-Sept-25	30-Jun-25	Account Status	Comments

City of Johannesburg- Financial Accounting	11 668 439.16	32 614 629.24	current	This is the current month billing to Group Accounting for Operational Subsidy
City of Johannesburg: Licencing	2 172 105.36	2 172 105.36	180 days overdue	The entity is engaging the Department on high level to clear this old debt, follow up letter has been sent to Head of Department on the 30th of September 2025.
<b>TOTAL</b>	<b>-1 643 799 177.83</b>	<b>-1 461 363 875.44</b>		

# CHAPTER 6

## INTERNAL AUDIT

## SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the first quarter of the 2025/2026 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 first quarter:

- Utility Management Audit
- Housing Development Review
- Review of Annual Financial Statements
- Performance of Information Q4 Review
- Tender Probity Review x7
- Follow – up on Internal Audit Findings
- Follow – up on AGSA Findings
- Quality Assurance Improvement Program (QAIP) Review

Below is the approved Internal Audit Plan for the 2025/2026 financial year, and it indicates the progress on the planned audits:

**Table 54 Below is the approved Internal Audit Plan for the 2025/2026 financial year. and it indicates the progress on the planned audits:**

No	Name of Audit	Quarter				Progress
		1	2	3	4	
<b>Finance</b>						
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		Not Started
4	Revenue Management Audit				X	Not Started
5	Tender Probity Review	X	X	X	X	Completed
<b>COO OFFICE</b>						
6	Housing Maintenance and Portfolio Management Audit		X			Not Started
7	IT Application Control*		X			Not Started
8	Vulnerability Assessment and Penetration Testing*		X			Not Started
9	Housing Development Audit	X				Completed
10	Utility Management Audit	X				Completed
<b>Planning and Strategy</b>						
11	Performance of Information Review	X	X	X	X	Completed
<b>Corporate Services</b>						
12	Occupational Health and Safety Audit			X		Not Started
<b>Generic Services</b>						

No	Name of Audit	Quarter				Progress
		1	2	3	4	
13	Ad hoc Services		X			Not Started
<b>Follow - ups</b>						
14	Follow-up on Internal Audit Findings	X	X	X	X	Completed
15	Follow-up on AG Findings			X	X	Not Started
<b>Investigations</b>						
16	UIFW Investigations Expenditure			X	X	Not Started

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

Table 55 below indicates the resolution of Internal Audit findings for quarter 1:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	18	18	11	7
Chief Operating Office (COO)	1	1	0	1
Planning & Strategy	7	7	5	2
Legal	4	4	0	4
<b>Total</b>	<b>30</b>	<b>30</b>	<b>16</b>	<b>14</b>
%	100%	100%	53%	47%

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

Table 56 below indicates the resolution of External Audit findings for quarter 1:

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	9	3
Admin Matters	5	3	2
<b>Total</b>	<b>19</b>	<b>12</b>	<b>7</b>
%	100%	63%	37%

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

In the first quarter of the 2025/2026 financial year, Internal Audit completed four (4) audits, seven (07) probity review, two (2) follow-up reviews and Quality Assurance Improvement Program (QAIP). 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 organisation's objections will be achieved.