



Johannesburg Social Housing Company

61 Juta Street
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2028

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SECTION 116 REPORT

Denver Housing Social Development

Executive Directors: Mr. Themba Mathibe (Acting: CEO & ED), Mr. Floyd Rikhotso (CFO & ED), Mr. Melusi Ndima (COO & ED)
Mr. Theodore Dhlamini (Chairperson & NED), Adv. Mpendulo Magutshwa (Acting: Company Secretary), Ms. Thandeka Tshabalala (NED),
Mr. Musa Shibambo (NED), Dr. Thulani Mdadane, (NED), Ms. Tabisa Poswa (NED), Mr. Ntokozo Mjiyako (NED)



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1. STRATEGIC THRUST

The proposed extension of contract supports the JOSHCO's strategic thrust of Provision of Housing to the residents of the City by enabling the completion of the service by the Review Consultant overseeing the development of Denver Ext 20: Social Housing Development.

2. OBJECTIVE

The purpose of this report is to present to the Development Committee and the JOSHCO Board of Directors the contract that is due for extension as per Section 116 of the MFMA, for noting and approval.

3. NAME OF THE PROJECT

Project Review Consultant for the Denver Ext 20: Social Housing Development.

4. REQUIRED CONTRACT EXTENSIONS

4.1 Extension Details

Table 1: Extension Details

PROJECT NAME	DISCIPLINES	CONTRACT PERIOD	EXTENDED CONTRACT PERIOD
Denver Ext 20: Social Housing Development	Project Review Consultants	21 April 2021 to 15 December 2025	15 December 2025 to 31 March 2030

4.2 Reasons for Extension

Denver Turnkey project:

The delays arise primarily from the outstanding town planning statutory approvals, particularly issuance of comments and further requirements by the Environmental Infrastructure and Services Department (EISD) and GDARDE, which have necessitated additional review cycles, responses, and resubmissions beyond the original programme assumptions.



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By virtue of the above-mentioned delay and subsequent request for extension, inadvertently the Review Consultant contract was equally affected and an extension of time as per Clause 4.2 of the Review Consultant agreement is necessary. In line with Clause 4.3, the Review Consultant has submitted its request for adjustment of its Contract Price to accommodate the extension.

5. FINACIAL IMPLICATIONS

Table 2: Financial Implications of the Extension

PROJECT NAME	Discipline	Original Contract Sum (incl. Vat)	Contract Adjustment (incl. Vat)	New Contract sum (incl. Vat)
Denver Ext 20: Social Housing Development	Project Review Consultants	R 32 501 760.00	R 12 962 411.69	R 45 464 171.96

6. POLICY/LEGAL IMPLICATIONS

The above extension is made in adherence to Section 116 (3) of the MFMA.

7. COMMUNICATION IMPLICATIONS

Once approved the Section 116 notice will be published on the JOSHCO website.

8. OTHER DEPARTMENTS/BODIES CONSULTED

JOSHCO Executive Committee consulted and are presented with the report.

9. RISK TOLERANCE ASSESSMENT

Table 3: Risk Tolerance Score

Risk Category	Potential Risk	Impact Assessment	Residual Rating
UIFW	<ul style="list-style-type: none">Not completing the project	Critical	20



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IMPACT	RATING
Critical	25
Major	20
Moderate	15
Minor	10
Insignificant	5

10. RECOMMENDATIONS

In respect to the above, it is recommended that the Board of Directors notes the outcomes of the Section 116(3) of the MFMA Bid on the extensions of contract period for the Development of Social Housing Units at Jeppestown Inner City, Region F

In respect of the above, it is recommended that:

1. BAC consider and refer the report to the Accounting Officer for consideration, taking into account Section 116 of the Municipal Finance Management Act No. 56 of 2003 which stipulates the requirements of a contract or agreement procured through the Supply Chain Management system as well as the process to be followed for contract amendments.
2. MFMA Section 116(3) states that "A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after
 - (a) The reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and
 - (b) The local community
 - (i) has been given reasonable notice of the intention to amend the contract or agreement; and
 - (ii) has been invited to submit representations to the municipality or municipal entity
3. Board of Directors recommends contract extensions and associated cost for the contractors and professional team as per Section 116(3) of the MFMA Bid on the extensions of contract period for Council approval
4. Board of Directors recommends contract extension and associated cost of consultant professional services
5. JOSHCO to secure additional funding for the project which aligns to the project's programme to cover the escalation costs associated with contract extension.



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RECOMMENDED/NOT RECOMMENDED

THABO MTHEMBI
SUPPLY CHAIN MANGER

DATE

RECOMMENDED/NOT RECOMMENDED

MELUSI NDIMA
CHIEF OPERATIONS OFFICER

DATE

RECOMMENDED/NOT RECOMMENDED

FLOYD RIKHOTSO
CHIEF FINANCIAL OFFICER & BAC CHAIRPERSON

DATE

APPROVED/NOT APPROVED

THEMBA MATHIBE
ACTING CHIEF EXECUTIVE OFFICER

DATE

APPROVED/NOT APPROVED