



JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

**QUARTER 1 PERFORMANCE REPORT FOR THE
2020/21**

FINANCIAL YEAR

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

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

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

Registered Address : **66 JUTA STREET
Braamfontein**

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Braamfontein**

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

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Website : **www.ioshco.co.za**

E-mail : **info@ioshco.co.za**

Bankers : **Standard Bank of SA Limited**

Auditors : **Auditor-General**

Vision

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

Purpose

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

Mission

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

Approval:

<p><u>Nontobeko Ntshande</u></p> <p>Name & Surname Chief Financial Officer</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>21/10/2020</u></p>
<p><u>Victor Rambar</u></p> <p>Name & Surname Chief Executive Officer</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>21/10/2020</u></p>
<p><u>THEODORE DHLAMINI</u></p> <p>Name & Surname Chairperson of the Board</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>22-10-2020</u></p>
<p><u></u></p> <p>Name & Surname MMC</p>	<p><u></u></p> <p>Signature</p>	<p>Date of Approval: <u>23/10/2020</u></p>

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CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CHAIRPERSON'S FOREWORD



JOSHCO continues to provide solution for the housing challenges that the City of Johannesburg is faced with through provision of affordable rental houses and social housing units. Poor location of housing projects remains one of the top challenge that JOSHCO aims to accomplish by providing housing projects that are geographically better located i.e. closer to economic activities. Furthermore; by fulfilling organizational core mandate i.e. Conversions of hostels to family units, purchasing and rehabilitation of Inner-City buildings. Developing and managing new Social Housing Projects as well as student accommodation.

As the Board we have noted again the overall under performance of the first quarter of the financial year. The organisation has 19 Annual Key Performance Targets in the 2020/21 business plan, in the first quarter 13 targets were due for reporting. 2 targets have been achieved, 9 partially achieved and 2 targets have not been achieved. It should be noted that targets recorded “as not achieved”, are mostly above 50%.

The Board remains confident that the company will turn around its performance through implementation of sustainable strategies on key performance areas. The Board will utilize its subcommittees to interrogate the strategies that management have put in place to ensure that they are effective and improves performance.

Mr T Dhlamini

Chairperson: Board of Director

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT



The Financial year commenced with the Country still under the cloud of COVID-19 pandemic outbreak that continued to pose a risk factor towards economic performance and, largely continued to affect the industry with which we operate in. This can be referenced to the Statistics South Africa report which has recorded the underperformance of most of the economic sectors which has also been reflected in the 2nd quarter annualized Gross Domestic Production (GDP) of -51% proving that the economy is deep in recession. JOSHCO as a social housing company also suffered the impact of the contracted economy because drastic underperformance of sectors led to some industries laying off staff as ways of containing their operational costs and these are sectors that the JOSHCO targeted tenants are employed in.

The company experienced a drastic decline in the rental collection due to some tenants not being able to honor their rental obligation since they were retrenched or in some instances responding to future uncertainties. However, despite these challenges, JOSHCO continued to provide shelter and put measures in place to protect its tenants and their visitors from the spread of the COVID 19 in the complexes.

Key Milestones

It is evident through the overall performance of the organisation that JOSHCO requires drastic interventions to turnaround its performance. Various reasons such as lack of consequences management, lockdown regulation that resulted in most of our employees working remotely without any supervision, could be attributed to the reported underperformance. With the country declared to be on level 1 and economy opening, I envisage a turnaround on the implementation of the business plan going forward.

I would like to appreciate the effort that management and staff continue to make during this difficult time to ensure that the organisation still functions. The infection rate in the organisation is an indication that necessary efforts were made to contain the spread of the virus.

Mr Victor Rambau
Chief Executive Officer

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT



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

Revenue Collection Report

JOSHCO's revenue collection target for the 2020/21 financial year is 85%. The collection rate for the first quarter is 58%. We continue to see decreases in collection levels since the implementation of the national lockdown. We have offered a payment holiday for people who have been affected by the lockdown but there has not been a significant response from the tenants. JOSHCO continues to enforce the collection processes within the regulations. Eviction orders received to date will be executed as soon as the regulations allow for eviction to take place.

A debt collection company was appointed in the last quarter of the previous financial year to assist with the collection processes. The hand-over of the accounts is done in a two-phase approach starting with two of our most problematic projects. Tenants are coming forward to enter into payment arrangements. Settlement discount offers continue to be offered to encourage tenants to settle their old outstanding debts.

Financial Performance

Revenue and expenditure are recorded on the accrual basis and resulted in a deficit of R15.7 million. The deficit is as a result of the entity not being able to generate sufficient income to cover their fixed expenses and several expense line items being over budget due to budget constraints as detailed below.

JOSHCO's rental facilities contributed 70% towards total revenue. Total revenue is 3% above budget (R4.9 million). The main reason is due to a 220% increase in management fees claimed from Housing projects as a result of an increase in construction activities relating to Informal Settlements and Transitional Relocation Areas (TRAs). Rentals received are 3% lower than anticipated due to a lower than anticipated occupancy rate for some of our projects year to date.

Expenditure

a) Governance and Staff costs

- 45% above budget (R11.4 million) due to a higher wage bill than budgeted as a result of insourced security guards not fully budgeted due to constraints on the budget.

b) Other project related costs

- 309% above budget (R11 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 58% which is significantly influenced by the national lockdown.

c) Repairs and maintenance

- 57% below budget (R7.9 million) due to a slow implementation of the maintenance programme for the quarter under review.

d) Cleaning and Gardening

- 92% below budget (R942 000) due to a delay in finalising the tender for garden tools where budget was allocated for the operational costs of the tools from this quarter.

e) Security

- 174% over budget (R1.9 Million) due to the need for additional outsourced security service.

f) Administrative

- 67% over budget (R5.3 Million) due to inadequate budget being available to allocate to municipal charges due to constraints on the budget.

CAPEX Expenditure

CAPEX spend is directed towards the development, renovation and upgrade of CoJ and JOSHCO's properties that are to be leased as housing units or for the entity's own use. JOSHCO has been allocated a CAPEX budget of R378 Million for the financial year ended 30 June 2021. The verified spent is 16% against a target of 15% for the quarter under review.

Ms Nontobeko Ndimande
Chief Financial Officer

SECTION 4: SALIENT FEATURES

The organisation has 19 Annual Key Performance Targets in the 2020/21 business plan, in the first quarter 13 targets were due for reporting. The variance table shows the 9 targets that were partially achieved and 2 that were underachieved. It should be noted that targets recorded “as not achieved”, are mostly above 50%.

Table 1: Variance Report as at 30 September 2020

#	Total target for the year 2019/20	Q1 Target	Q1 Actual	Variance	Mitigation Actions
1	Current Ratio: 1:1	1:1	0.77:1	-0.23	The non-performance of this target is due to continued losses being incurred largely due to a high provision for bad debts and high operating costs. Plans are in place for implementation of the strategies (student accommodation, outdoor advertising, implementation of projects on behalf of other government institutions). These initiatives are ongoing and will be implemented throughout the year.
2	Solvency Ratio: 1:1	1:1	0.85:1	-0.15	
3	50 days cost coverage	50 days coverage	-59 days	-109	Non-performance is due to low cash balances as at 30 September 2020 due to settlement of suppliers prior to receiving claims from the Department of Housing (Housing) and the Corporate Asset Management (CAM) department. This was done in order to ensure that the entity pays suppliers within 30 days. The entity needs to shorten the period we are reimbursed by Housing and CAM in order to improve our cash balances. JOSHCO's Finance department is working on a departmental operational plan to review the payment and claim processes. This should be concluded in the second quarter.
4	85% collection in respect of debtors	85%	58%	-27%	Non-achievement of this target is due to continued low rental collection across all projects. We are still seeing the effects of the national lockdown as many tenants have requested an extension to the payment holiday as they are still not getting their full salaries. A debt collecting company has

#	Total target for the year 2019/20	Q1 Target	Q1 Actual	Variance	Mitigation Actions
					<p>been appointed to assist with collection of all outstanding debt older than 90 days. Contracting was finalised on the 21st of August 2020 and we've handed over two projects from our City Referral Stock portfolio (i.e. Bothlabela & Kliptown Golf Course) where we have the biggest issues with rent payments. Tenants are coming forward to enter into payment arrangements. The second phase of the handover is all tenants who have defaulted on acknowledgement of debt agreements entered into and those who have not entered into any payment arrangement for amounts over 90 days in arrears. These will be done across all projects.</p> <p>We are continuing with implementing our collection processes. Evictions will be executed once regulations allow for evictions to be executed.</p>
5	910 number of jobs created through the EPWP programme.	227	68	159	<p>Level 3 of the Disaster Management regulations only opened mid quarter for all construction work to operate. As well, we had to extend the current 86 EPWP contracts which meant there couldn't be any new creations of contracts. Going forward to mitigate the issue, we have new development projects that we will target for strictly for EPWP's.</p>
6	30% spent of capex on SMME	30%	11%	-19%	<p>Only two JOSHCO greenfield projects have reached a stage of Builder's Works, where there is larger scope for SMME participation, while another two projects are expected to commence Builder's Works stage in quarter 2. This would enhance SMME expenditure</p>

#	Total target for the year 2019/20	Q1 Target	Q1 Actual	Variance	Mitigation Actions
7	95% compliance to laws and regulations.	95%	79%	-16%	The underperformance was due to 6 Acts that the organisation was not 100% compliant. The department has developed a detailed action plan with implementation timelines for respective departments to implement in order to address non-compliance. Furthermore, the organisation will procure additional exclaim licenses to allow process owners at departmental levels to own the compliance process.
8	95% implementation of corrective action against identified risks.	95%	54%	-46%	The COVID 19 Pandemic proved to be challenging towards the implementation of some of the mitigating controls that were planned for implementation. Management will resuscitate the Senior Management forum which will manage the implementation of the mitigation action process. Furthermore, mitigation actions that were not implemented in the 1 st quarter will be reviewed to determine the extent of their implementation and allocate a realistic timeline.
9	100% implementation of corrective action against internal audit findings	100%	28%	-72%	Underperformance was as a result of that some of the findings that management has indicated that were closed, internal audit found that the controls were inadequate during their review. Furthermore, The COVID 19 Pandemic proved to be challenging towards the implementation of some of the corrective measure that were planned for implementation. Management will resuscitate the Senior Management forum which will manage the implementation of the mitigation action process. Furthermore, the corrective measures that were not implemented in the 1st quarter will be reviewed to determine the extent of their implementation and allocate a realistic timeline.
10	100% implementation of corrective action against external audit findings	100%	79%	-21%	There are 6 findings unresolved (5 matters affecting the audit opinion and 1 other important matter). On the 5 matters affecting the auditor's opinion, one matter (commitments) will be resolved in the compilation of the annual

#	Total target for the year 2019/20	Q1 Target	Q1 Actual	Variance	Mitigation Actions
					<p>financial statements for 2019/20. The SCM matter was not resolved due to capacity issues in the department. We expect it to be resolved when internal audit conducts the SCM audit during the second quarter.</p> <p>Payments within 30 days have been achieved 99% throughout the year however as it's a compliance matter and needs to be 100%, this finding will remain. The Finance department continues to put controls in place to minimize the time for payments to be made.</p>
11	100% filling of vacancies from middle management to Executive Management.	100%	50%	50%	<p>There were 2 positions approved for recruitment at these categories, and only 1 was placed and the other position of Stakeholder was advertised in May 2020, and interviews were conducted. However, it was discovered post second round that candidates were not suitable, and it warranted for a rerun. The process is now at shortlisting stage and is planned to be concluded end of October 2020</p>

SECTION 5: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



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

The Johannesburg Social Housing Company SOC Ltd (JOSHCO) was established in November 2003 and received its mandate in March 2004 from the City of Johannesburg (CoJ). JOSHCO's mandate is to provide and manage affordable rental housing for the lower income market as an integral part of efforts to eradicate the housing backlog of CoJ. JOSHCO is a registered social housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The core business of JOSHCO includes: the development of social rental housing; refurbishments, upgrading and management of Council owned rental housing properties (including hostels); housing management and the refurbishment, conversion and management of Inner-City buildings into social housing units. As a Municipal Owned Entity, JOSHCO is required to comply with all the relevant legislation (such as Municipal Finance Management Act; Municipal Systems Act and the Companies Act). The policies and strategy of JOSHCO are strongly influenced by the vision of CoJ as outlined in the Growth Development Strategy 2040 (GDS) and the Integrated Development Plan (IDP).

SECTION 6: STRATEGIC OBJECTIVES

- 1.1 Become a financial sustainable entity.
- 1.2 Contribute towards economic development through Broad Based Black Economic Empowerment.

- 1.3 Develop Social housing projects within the transport corridors, Inner City and Green Fields (including suburbs and economic hubs).
- 1.4 Contribute to mitigating climate change impact.
- 1.5 Become a customer centric company.
- 1.6 Strengthen governance and compliance.
- 1.7 Improve safety and security of all tenants in JOSHCO projects.

SECTION 7: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

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

SECTION 8: SUSTAINABILITY REPORT

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

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

JOSHCO remains focus in its position of contributing towards the City's key priority of "promotion of economic development and attract investment towards achieving a 5% economic growth that reduces unemployment". JOSHCO's contribution towards the EPWP City programme undertakes to reduce unemployment and facilitate socio economic development of the Citizen of Johannesburg. JOSHCO has created 68 jobs from various projects through EPWP programme during the first quarter. The entity continued to support SMMEs and local labour through allocation of 30% Of CAPEX contracts.

CHAPTER TWO: GOVERNANCE

SECTION 1: BOARD OF DIRECTORS

The Board of Directors is presided over by a Non-Executive Director (Chairperson), Mr. T Dhlamini was appointed the Chairperson of the JOSHCO Board. Table 2 below has listed the nine (9) Non-Executive Members AGM and two (2) Executive Directors. Table 4 reflects Independent Audit Members and JOSHCO currently awaits the Shareholder to make the new additional appointment for the Audit and Risk Committee to complete the composition thereof as per the Board recommendation made on 16 July 2020.

Through its Annual Work Programme, the Board of Directors monitors strategy implementation, and is kept abreast of the achievements and risks associated with the achievement of the strategy. The Board has skills and expertise it brings for the benefit of JOSHCO and currently comprises of nine (9) Non-Executive Directors and two (2) Executive Directors being the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).

Table 2: Board Composition was as follows as at 30 September 2020

Member	Capacity: Executive/Non- Executive Director	Race	Gender	Qualifications
Mr T Dhlamini (Board Chairperson)	Non-Executive	A	M	Standard 8, Leadership training and certificate in engineering hand skills
Mr J Sobekwa	Non-Executive	A	M	B Accounting, PG Dip: Financial Management and CIMA
Mr M Maimane	Non-Executive	A	M	Diploma, Bachelor, Honours degree in Public Administration, MBA & CDSA
Ms G Boikanyo	Non-Executive	A	F	B Computer Science, ND Analytical chemistry
Mr X Dlwathi	Non-Executive	A	M	Diploma, Honours and master's degree in theology
Mr T Mamba	Non-Executive	A	M	Matric and higher certificate in supervision
Ms S Bhengu	Non-Executive	A	F	Matric and certificate in Theology
Ms B Makhanya	Non-Executive	A	F	Matric and certificate in Business Administration
Mr S Mhlongo	Non-Executive	A	M	Matric and Diploma in Risk Management
Victor Rambau	Executive	A	M	B Tech Production and Operations, MAP and MBA
Ms N Ndimande	Executive	A	F	CA (SA)

Member	Capacity: Executive/Non- Executive Director	Race	Gender	Qualifications
Mr L Matshekga	IAC	A	M	MBA, B Com Honours Finance, B Com Economics and Matric
Mr M Mokgobinyane	IAC	A	M	Master's in accounting science, B Com Accounting, B Com Honours Accounting, CTA and Matric

1.1 BOARD AND COMMITTEE MEETINGS ATTENDANCES

To date, the JOSHCO Board held 3 meetings, Development Committee 2, Social, Ethics & HR Committee held 1 and Audit and Risk Committee held 2 meetings. Of the meetings held in the 2020/21 FY to date, 3 board meetings were convened in the quarter under review as follows, 1 ordinary board meeting held in July and 2 special board meetings held in August and July 2020. 1 ordinary Development Committee meeting and 1 special meeting. 1 Social, Ethics & HR Committee meeting.

The below table depicts details of attendance of members in various meetings.

Table 3: Board and Committee Meetings Attendances as at 30 September 2020

Board of Director	Board			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	3			2			1		
Mr V Rambau	3	-	-	2	-	-	1	-	-
Ms Nontobeko Ndimande	3	-	-	2	-	-	1	-	-
Mr T Dhlamini	3	-	-	-	-	-	-	-	-
Mr X Dlwathi	3	-	-	2	-	-	-	-	-
Ms G Boikanyo	3	-	-	2	-	-	-	-	-
Mr M Maimane	3	-	-	-	-	-	1	-	-
Mr J Sobekwa	3	-	-	2	-	-	-	-	-
Ms S Bhengu	2	-	-	-	-	-	1	-	-
Ms B Makhanya	3	-	-	-	-	-	1	-	-
Mr S Mhlongo	3	-	-	-	-	-	1	-	-
Mr T Mamba	3	-	-	2	-	-	-	-	-

Table 4: Audit & Risk Committee Meetings Attendances as at 30 September 2020

Names of Audit Committee Members	Audit and Risk Committee		
	Attendance	Absent	Apologies
Number of Meetings	2		
Moshupi Mokgobinyane (Chairperson)	2	0	0
Lesetsa Matshega	2	0	0
Jason Sobekwa	2	0	0
Victor Rambau (CEO)	1	0	1
Nontobeko Ndimande (CFO)	2	0	0

1.2 BOARD COMMITTEES

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

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

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

1.2.1 Audit & Risk Committee

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

The Committee consist of the following members: -

Mr. M Mokgobinyane	Independent Audit Committee Member (Chairperson)
Ms. L Matshega	Independent Audit Committee Member
Mr. J Sobekwa	Non- Executive Director

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

- Financial Reporting and Reliability of Financial Information;
- Business Planning and Budget Implementation;

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

1.2.2 Social, Ethics, and Human Resource Committee

The Committee consists of the following members: -

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

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

- Review reporting concerning risk management that 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;
- Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration;
- Select an appropriate comparative source when comparing remuneration levels;
- Advise on the remuneration of non-executive directors;
- Management development and succession plans for executive levels; and
- Make recommendations to the Board where necessary or take approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- The Environment, Health and Public Safety.
- Consumer Relationships.
- Labour and Employment.
- To draw matters to the attention of the Board as occasion requires.
- To report to the Shareholder at the AGM on matters within its mandate.

1.2.3 Development Committee

The Committee consists of the following members: -

Ms. G Boikanyo	Non- Executive Director (Chairperson)
Mr. T Dlwathi	Non- Executive Director
Mr. J Sobekwa	Non- Executive Director
Mr. T Mamba	Non-Executive Director

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

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

1.3 DIRECTORS AND PRESCRIBED OFFICER'S REMUNERATION

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

Table 5: Previous Board of Directors Remuneration as at 30 September 2020

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R52 000
Mr Xolani Dlwathi	Non-Executive Director	R42 000
Mr Siphwe Mhlongo	Non-Executive Director	R30 000
Mr Moerane Maimane	Non-Executive Director	R44 000
Mr Themba Mamba	Non-Executive Director	R42 000
Ms Sebongile Bhengu	Non-Executive Director	R30 000
Ms Brenda Makhanya	Non-Executive Director	R42 000
Ms Gaby Boikanyo	Non-Executive Director	R44 000
Mr Jason Sobekwa	Non-Executive Director	R54 000
Total		R380 000.00

NB: fees include strategic session held on 8 August 2020

**Member fees included attendance of Group Audit and Group Risk Committee

Table 6: Previous Independent Audit Members Remuneration as at 30 September 2020

Name	Designation	Remuneration
Mr Moshupi Mokgobinyane**	Independent Audit Member	R32 000
Mr Lesetsa Matshekga	Independent Audit Member	R12 000
Total		R44 000. 00

NB: **Member fees included attendance of Group Audit and Group Risk Committee and board fees.

Table 7: Executive Management Remuneration as at 30 September 2020

Name	Designation	Remuneration
Mr Victor Rambau	Chief Executive Officer	R487 333.16
Ms Nontobeko Ndimande	Chief Financial Officer	R355 985.35
Ms Livhalani Nemaungani	EM: Strategy and Planning	R342 995.57

Name	Designation	Remuneration
Ms Nkululeko Magubane	EM: Housing Development	R342 854.32
Ms Kedumetsi Mokhampanyane	EM: Corporate Services	R342 854.32
Mr Ronald Mutheiwane	Acting EM: Housing Management	R239 596.77
Total		R1 768 765.17

1.5 COMPANY SECRETARIAL FUNCTION

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

SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE

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

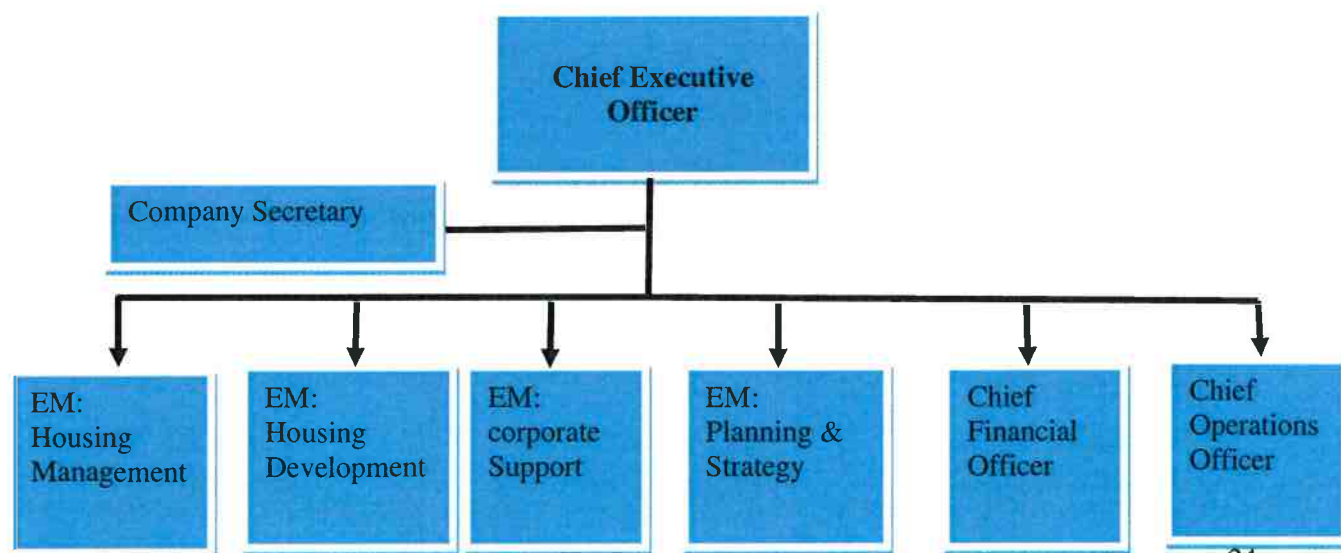


Figure 1: High level structure

SECTION 3: RISK MANAGEMENT

The objective of JOSHCO's Enterprise Risk Management (ERM) programme is to affect an ERM process to reduce the total cost of risk, add maximum sustainable value to all activities of the organisation and, assist in achieving key strategic objectives. The Board and management undertook a risk assessment process to identify the risks facing the organisation in line with the strategy. The realisation of the strategic objectives depends on JOSHCO being able to take calculated risks in a manner that does not impair the direct interest of both shareholder and stakeholder(s).

Sound management of risk enables JOSHCO to anticipate and respond to changes in the Social Housing and economic environment as well as enable the Board to make informed decisions under conditions of uncertainty. The Board committed JOSHCO to a process of risk management aligned to the King IV principle and, the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Integrated Framework. The ERM methodologies are refined through continued research and development and, benchmarking against best practice.

3.1 RISK ESCALATION METHODOLOGY

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

3.2 CORPORATE RISK ARCHITECTURE



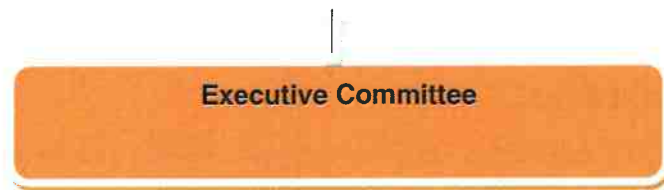


Figure 2: Risk ARCHITECTURE

3.3 JOSHCO'S TOP 5 RISKS:

Top 5 Residual Risk Rating			
Risk No	Risk Description	Inherent Rating	Residual Rating
1	Low revenue collection	Very High	High
2	Inadequate capital budget allocation by the City resulting to JOSHCO not being able to meet its business plan target of providing affordable rental and social housing units.	Very High	Medium
3	Increase in construction cost of JOSHCO projects due to international trade restrictions.	Very High	Low
4	Inadequate Customer Relationship Management	High	Low
5	Poor public relations with communities.	Very High	Medium

The above table reflects the top 5 risks that are facing the organisation as at 30 September 2020. These risks are inherent in nature and have influence in the achievement of strategic objectives and robust control environment. Management will continue to monitor such risks and endeavour to minimise their residual risk as operations continue.

3.5 EMERGING RISKS AND OTHER RISK INFORMATION

In the period under review, there were no new or emerging risk identified. However, the organisation continued implement strategies for Covid-19 pandemic to ensure the safety of essential employees while non-essential continued to work from home. A total of Thirty Covid-19 cases has been recorded as at 30 September 2020 and all infected employees have recovered.

3.6 STRATEGIC RISK STATUS

3.6.1 Progress in the Implementation of Mitigating Controls as at 30 September 2020

The table below lists the risks as reflected in the strategic risk register in which their mitigation actions are due for reporting as at 30 September 2020: -

Legends

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

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








Legend	Explanation
	No movement
	Risk mitigation plans not on track, key implementation targets missed.
	Minimal progress achieved but on track for implementation.
	Significant progress achieved and on track for complete implementation of mitigation plan by target date.


Table 8: Progress in the Implementation of Mitigation Controls as at 30 September 2020.

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating		KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter	Risk Movement	Status
			Q1							
1	Financial Instability	Low rental revenue	H			<ol style="list-style-type: none"> Tenant education on the roles and responsibilities of both JOSHCO and tenants. Appointment of Debt collection service provider to collect historic debts. Approval of a business turnaround strategy. 	<p>2020 September</p> <p>2020 June</p> <p>2020 September</p>	<ol style="list-style-type: none"> Tenant awareness not done due to Covid-19 for the safety of tenants and JOSHCO officials. Debt collection company has been appointed. Accounts 90 days and above handed over to debt collection company in phases. Phase 1 for city referral stock complete. Remainder of the book to be cleaned and handed over in Q2. The company with its own internal controls managed to collect 57% of revenue The 5-year strategic plan is being developed and will be submitted to 		2/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating		KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter	Risk Movement	Status
			Q1							
2	Inability to meet Service Delivery Standards	Inadequate capital budget allocation by the City resulting to JOSHCO not being able to meet its business plan target of providing affordable rental and social housing units.	M			<ol style="list-style-type: none"> Submit budget adjustment to the City in request for additional capital budget or budget shift to performing projects. Intensify consultation with the Budget office during business planning phase to ensure that the proposed budget is attained with no possibility of being cut. 	2020 December	Board for approval in October 2020 <ol style="list-style-type: none"> Monthly capex spending monitoring reporting against budget. Budget lifting approval was granted in July 2020. 	↑	1/2
3	Inability to meet Service Delivery	Inadequate Customer Relationship	Low			<ol style="list-style-type: none"> Projects with tariffs that have not been 	June 2020	Business plan approved by the council in June 2020	↑	1/1

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating		KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter	Risk Movement	Status
			Q1							
	Standards	Management				approved by Council will be submitted to the City together with the business plan for the 2020/2021 financial year for approval.				
4	Inability to meet Service Delivery Standards	Poor public relations with communities.	M			<ol style="list-style-type: none"> Appointment of a Manager in the office of the CEO to assist with the management of stakeholder relations. Develop a comprehensive stakeholder engagement plan that takes into account all organisational stakeholders. 	<p>2020 July</p> <p>2020 September</p>	<p>1. The position of Stakeholder Relations Manager was advertised in May 2020, and interviews were conducted. However, it was discovered post second round that candidates were not suitable, and it warranted for a rerun. The process is now at shortlisting stage and is planned to be concluded in the second quarter</p> <p>2. The appointed Stakeholder Relations Manager will Develop Stakeholder</p>		0/2

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating		KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter	Risk Movement	Status
				Q1						
5	Non-Compliance to regulatory requirements	Non-compliance to relevant regulatory and policy requirements.		M		<ol style="list-style-type: none"> Appointment of a Compliance Officer. Procurement of Exclaim system licenses and appointment of departmental compliance champions. 	2020 October	<p>engagement plan and strategy.</p> <ol style="list-style-type: none"> There are currently 6 out of 28 Acts/Regulations that are below 100% level of compliance from the Compliance Universe. The overall level of compliance for the first quarter stands at 79% against the target of 95%. The identified areas of non-compliance were brought to the attention of relevant managers, who are currently working towards achieving 100% compliance. Regular follow-ups are made with the managers to track progress on the matters. The appointment of a 		2/3

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating		KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter	Risk Movement	Status
				Q1						
								<p>Compliance Officer will also expedite the process.</p> <p>2. The position of Compliance officer was advertised in July 2020 and interviews were held on 15 September 2020.</p>		
6	Increasing Safety and Security Incidents	Occupational health and safety risk	M			<p>1. Improve tenant education and awareness of house rules through JOSHCO social media platforms.</p> <p>2. OHS Committee to hold quarterly meetings to address weakness at projects and head office.</p>	2020 September	<p>1. Conducted tenant education awareness through Social Media Platforms.</p>		1/2

Based on the above, the total percentage of actions implemented to manage the risks around the control environment in the first quarter was 58% against a target of 95%. The COVID 19 Pandemic proved to be challenging towards the implementation of some of the mitigating controls that were planned for implementation

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

In the quarter under review, the Board, Committee and management continued to subscribe to Principle 1 of the King IV report on Corporate Governance for South Africa 2016 state that “the governing body should lead ethically and effectively and should set the tone for an ethical organisational culture”. It further continued to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000. Community members, tenants, and employees are encouraged to report possible instances of fraud activities that they may encounter through the organisational fraud hotline or the SMS (whistle blowers).

The fraud hotline number is 0800 002 587 or SMS 32840.

No reported cases were provided by the Group Forensic Investigation Service.

SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS

The Board and its Committees is committed to greater ethical standards and practices and this is evident in all Board and Committee meetings where declaration of interest is undertaken prior to commencement of meetings. In the quarter under review, the Board and its Committees continued to sign off the declaration register and such information is housed in the Company Secretary’s office. In the beginning of the Board term, all members are required to sign declaration of financial interest. 83% of the JOSHCO employees have completed and submitted their annual declaration forms for the current financial year.

SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE

ICT governance is about ensuring that the organisation’s IT systems support and enable the achievement of the organisation’s strategies and objectives. It encompasses leadership, organisational structure, business process, standards, and compliance. The Board has adopted the King IV report on Corporate Governance South African 2016 in which Principle 12 of the report states that, “the governing body (Board) should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives”. JOSHCO ICT is aligned to the following Frameworks and Best Practices:

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

During the 2020-2021 Financial Year, JOSHCO ICT seeks to improve on its governance frameworks and universe, by adopting best practice frameworks to strengthen the following areas:

- ICT Service Management
- ICT Security
- Business Continuity.

JOSHCO ICT KPI

As part of JOSHCO's Business Plan Scorecard for the 2020/2021 Financial Year, JOSHCO ICT is responsible for the following objective which relates to the improvement of the ICT infrastructure and governance as detailed in the table below:

- Improve ICT infrastructure, Application Management and Governance.

To achieve this objective, the JOSHCO ICT Department have developed an Annual Action Plan that includes the major projects that the ICT department is required to implement at JOSHCO.

The required projects are as follows:

- Implement Electronic Document Management System to all departments
- Implement the JOSHCO Intranet
- Provision of adequate ICT services at JOSHCO projects
- Enhance JOSHCO Website
- Training and implementation of ISO controls
- Implementation of effective COBIT Governance Framework
- Implementation of ISO 27001 Information Security Framework
- Upgrade JOSHCO Data Hosting and DR Solutions
- Upgrade JOSHCO Network Solution
- Server Room Construction
- Implement Network Monitoring System
- Implement ICT Service Delivery Management System
- ICT Asset and Service Management
- Business Continuity Site
- Implement Multichannel and App for Housing Management

Each of these projects have multiple action items that are required to be implemented in to achieve the goals set out in the ICT Strategy and Action Plan. These goals are broken down into quarterly timeframes, based on the time periods required to implement these actions.

Table 9: ICT activities for the quarter ended 30 September 2020

KPI	2020/21 Target	Q1 Target	Q1 Performance	Variance	Evidence and Comments
Implementation of ERP	Implement as per the CoJ programme	Provide, Support and Maintenance during SAP implementation	Achieved		Implemented payslip solution
ICT Service Delivery Management	4 Quarterly Reports	User satisfaction at least 85% (Monthly, Quarterly & Annually in Q4)	Not Achieved		1 User satisfaction was below 50% due to network downtime and poor response from service provider, and unfortunately with nonexistence of SLA there were penalties against service provider. Emails were consistently unavailable nor stable due to ICT poor infrastructure. Unable to fully perform this task due to lack of capacity
	4 Quarterly Reports	Monitor the JOSHCO's network	Not Achieved		This task was not

		and server performance to ensure 95% connectivity			adequately performance because there is not monitoring tool and dedicate resources to monitor network and server performance. IT Technicians will only notice when the server or network is down that there was a problem.
	Daily, Weekly, Monthly	Appraise onsite and offsite storage capacity monthly and reported on	Not Achieved		This task was not performed because there is no working offsite storage capacity (DR) and business continuity in place.
	Daily, Weekly, Monthly	Execute the Systems Administration, Network Administration, Server Administration at JOSHCO	Partially achieved		This task was not adequately performed because there are no dedicate resources to execute. IT Technicians were providing administration where necessary.
ICT Risk and Audit Management	4 ICT Operational Risks and Audit Reports	Annual assessment of the ops risk and quarterly review and reporting	Achieved		Done

		Report on all ICT audit findings, identified risks and identified non – Compliance activities, Identified Strategic and operational risks and non-compliance findings	Achieved		Done
	4 quarterly reports	Implement corrective measures on all audit findings	Achieved		Done
Infrastructure and Operations Management	Upgrade Host, Dr and implement the Business Continuity Site	Upgrade of Host, Dr and implement the Business Continuity Site	Achieved		RFP completed. This task is targeted for Q2, however due to the business interruption that was cause by poor infrastructure, this task had to commence in Q1.
	Implement Smart boardroom solution with fully converged voice and video solution	Smart boardroom solution with fully converged voice and video solution	Achieved		RFP completed and procurement process is in progress.

The above performance shows that the department has managed to achieve six (6) against the quarterly target of ten (10)

SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS

JOSHCO uses the EXCLAIM! Compliance software to monitor compliance with relevant legislation. A total of twenty-eight (28) Acts/ regulations are applicable to JOSHCO's operations and appear on the Regulatory Universe. All twenty-eight Acts and regulations were assessed in the first quarter. From the twenty-eight assessed Acts/ regulations, the following Six (6) Acts were found to be below 100% compliance level:

- Basic Conditions of Employment Act, No. 75 of 1997
- Promotion of Access to Information Act, No. 2 of 2000 - Public Bodies

- Protection of Personal Information Act, No. 4 of 2013
- Companies Act, No. 71 of 2008
- Local Government Municipal Finance Management Act - Municipal Regulations on Debt Disclosure
- Rental Housing Act

Below is a list of the assessed Acts and regulations and the level of compliance with action plans on the Acts that are below 100% compliance level. The assessment was conducted based on available information from the different departments within JOSHCO. The status of compliance is at 100% for twenty-two (22) of the twenty-eight (28) Acts. 100% compliance means that JOSHCO complies with all sections of an Act that are applicable to its (JOSHCO's) operations.

Table 10: Acts below 100% compliant as at September 2020

Act Name	% Compliance	Compliance Comments	Remedial Action	Responsible Dept	Progress made on remedial action	Timeframe
1. Basic Conditions of Employment Act, No. 75 of 1997	99.3%	The variance relates to: JOSHCO not informing employees working on a regular basis after 23h00 and before 06h00 the next day (security officers) of the health hazards associated with their work and their right to undergo medical examination.	Information that needs to be communicated to the relevant employees will be done through staff induction, which has not been held due to Covid-19 restrictions.	Corporate Services (HR)	The Corporate Services department is currently working towards conducting an electronic/online induction since employees are still working from home. The induction will be conducted during the day	End of the second quarter
2. Broad-Based Black Economic Empowerment Act, No. 53 of 2003 and 2014 Code	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		
3. Companies Act, No. 71 of 2008	97.8%	The variance relates to the absence of documents/records. The Act requires documents/records to be kept for a period of 7 years.	Proper document management.	Office of the Company Secretary	All Companies records such as policies and Board minutes are properly stored both in signed hard copies and electronically	Ongoing
4. Construction Industry Development Board Act, No. 38 of 2000	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		
5. Consumer Protection Act, No. 68 of 2008	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		

6. COVID -19 Occupational Health and Safety Measures in Workplaces Directive	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
7. Electronic Communications and Transactions Act, No. 25 of 2002	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
8. Employment Equity Act, No. 55 of 1998	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
9. Housing Act, No.107 of 1997	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
10. Labour Relations Act, No. 66 of 1995	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
11. Local Government Municipal Finance Management Act - Municipal Regulations on Debt Disclosure	50%	The variance relates to failure to place the annually updated disclosure statement prepared in terms of Sub regulation (1) on the municipal debt disclosure depository in terms of Regulation 24(1).	Review the Local Government Municipal Finance Management Act - Municipal Regulations on Debt Disclosure to establish and ascertain requirements to comply with the Act	Finance			31 December 2020

12. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
13. Local Government Municipal Finance Management Act - Municipal Supply Chain Management Regulations	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
14. Local Government Municipal Finance Management Act, No. 56 of 2003	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
15. Local Government Municipal Systems Act, No. 32 of 2000	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
16. Occupational Health and Safety Act - Construction Regulations	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		
17. Occupational Health and Safety Act - Environmental Regulations for Workplaces, October 1987	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A	N/A		

18. Occupational Health and Safety Act - Facilities Regulations, August 2004	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		
19. Occupational Health and Safety Act - General Administrative Regulations, June 2003	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		
20. Occupational Health and Safety Act - General Safety Regulations, May 1986	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		
21. Occupational Health and Safety Act, No. 85 of 1993	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		
22. Preferential Procurement Policy Framework Act. No. 5 of 2000	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		

<p>23. Promotion of Access to Information Act, No. 2 of 2000 - Public Bodies</p>	<p>88,8%</p>	<p>The variance relates to the non-registration of Information Officers with the Regulator</p>	<p>On the 17th of July 2020, the Information Regulator published a notice inviting written comments on the draft Guidelines on the Registration of Information Officers. The Regulator is currently consulting on these Guidelines and the registration of Information Officers will only take place thereafter.</p>	<p>Corporate Services Dept./ Office of the CEO</p>	<p>Follow-ups will be made with the Office of the Information Regulator to confirm when registration of Information Officers will be allowed.</p>	<p>As soon as the Information Regulator allows.</p>
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<p>24. Protection of Personal Information Act, No. 4 of 2013</p>	<p>92,5%</p>	<p>The variance relates to the failure to conduct a personal information impact assessment to ensure that adequate measures and standards exist in order to comply with the conditions for the lawful processing of personal information. The variance further relates to the non-registration of Information Officer/s with the Information Regulator.</p>	<p>Information Officers will be registered as soon as the Information Regulator allows. The process of recruiting a Compliance Officer is nearing completion and the appointed Compliance Officer will ensure that the remaining areas of non-compliance with this Act are addressed.</p>	<p>Office of the CEO</p>	<p>The process of recruiting a Compliance Officer is nearing completion and the appointed Compliance Officer will ensure that the remaining areas of non-compliance with this Act are resolved. Interviews for the position were held on the 15th of September 2020.</p>	<p>End of the financial year.</p>
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25. Rental Housing Act, No. 50 of 1999	96,3%	The variance relates to the subletting of units by tenants without JOSHCO's consent.	JOSHCO, through the Housing Management department has embarked on a process of regularising qualifying tenants in line with approved policies. The process will continue until all JOSHCO units are occupied only by lawful tenants.	Housing Management Dept.	Regularisation is an ongoing process however, tenants who fail to qualify and refuse to vacate the units will be handed over for evictions.	
26. Social Housing Act, No. 16 of 2008	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		
27. Unemployment Insurance Act, No. 63 of 2001	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		
28. Value-Added Tax Act, No. 89 of 1991	100%	JOSHCO complies with all the provisions of the Act.	N/A	N/A		

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

SECTION 1: RESPONSE TO STRATEGIC DIRECTION

JOSHCO's strategic focus is aligned to that of the City and focuses on the following key Mayor's Priorities:

Tables 11: Strategic objectives alignment

IDP OUTCOMES	STRATEGIC PRIORITIES	JOSHCO STRATEGIC OBJECTIVE	STRATEGIC OUTCOME
1. A growing, diverse and competitive economy that creates jobs	Promote economic growth development and attract investment towards achieving 5% economic growth that reduces unemployment	Contribute towards economic development through SMME empowerment.	<ul style="list-style-type: none"> • 2500 labour intensive jobs created through the EPWP programme. • At least 30% of Capital budget to be spent on companies owned by designated groups. • 1% of contract value will be spent on training and development.
2. An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development	Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress.	<ul style="list-style-type: none"> • Increase social housing projects within the transport nodes. • Increase the number of social housing projects in the Inner City 	<ul style="list-style-type: none"> • The development of social housing projects that would eliminate social inequalities and spatial injustice. • An increase of land parcels and buildings through access through strategic partnership with JPC and HDA to FastTrack the acquisition of land and buildings.
	Preserve our resources for future generations.		
3. Enhanced, quality services and sustainable environmental practices	Create a City that responds to the needs of Citizens, Customers, and Business	Improve customer satisfaction	Achieving a customer satisfaction rating of 86%.
	Enhance our financial sustainability	• Enhance financial sustainability.	<ul style="list-style-type: none"> • Revenue maximisation. • Best practice housing

		<ul style="list-style-type: none"> • Cost efficiency in housing development and housing management 	management and housing development strategies.
	Encourage innovation and efficiency through SMART City programmes	Improve ICT infrastructure and governance	Smart technology programmes for the JOSHCO tenants
4. Caring, safe and secure communities	Create a sense of security through improved public safety	Improve safety and security of tenants in all JOSHCO projects	<ul style="list-style-type: none"> • Reduction in crime at JOSHCO projects. • Reduction in anti-social behaviour.
	Create an honest and transparent City that fights corruption	Improve the control environment (policies, internal systems).	<ul style="list-style-type: none"> • Implement a fraud prevention plan. • Public adjudication of tenders
5. An honest, transparent and responsive local government that prides itself on service excellence	Create a culture of enhanced service delivery with pride	<ul style="list-style-type: none"> • Inculcate a culture that fosters and encourage staff discipline and performance. • Improved service level standards 	<ul style="list-style-type: none"> • Achieve 96% service delivery standards. • High performing teams and professional organisation

SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

The following are key highlights for the quarter.

- The City's Department of Housing and JOSHCO delivered the official ground-breaking of the Temporary Relocation Area at Marlboro and Marlboro Gardens on Friday 3, July 2020. This was aimed at relocating residents/families and people living under Covid-19 high risk environments to newly constructed Temporary Relocation Areas" also known as temporary emergency units.
- On the 29th of July 2020, JOSHCO delivered study packs at Turffontein project for children between Grades 0-3. JOSHCO partnered with Newsroom Africa and Boswa Foundation on the No Child Left Behind initiative which works as an aid to facilitate access to some support to keep our youngest tenants learning during the lockdown.

SECTION 3: SERVICE DELIVERY CHALLENGES

Below are key challenges that were encountered during the quarter under review.

IT Business Interruption

JOSHCO Server room suffered a severe power outage that began around August 20, 2020 and persisting intermittently. The IT service outage was characterized by a domain controller server being unavailable due to unsafe or sudden power shutdown.

Overlapping with this outage was the email database and Sage database corruption and due to database sizes the restore took longer which prevented the organization from performing business as usual operations for nearly three weeks.

The IT department is in the process of appointing a service provider to reconfigure the server environment including synchronising head office servers and Disaster recovery servers for business continuity. The cooperate services is fast tracking the process of bringing the status of our generator in proper working condition as well as a dedicated resource to address all electrical and facilities issues

Table 12: Projects Challenges experienced in the quarter

CHALLENGE
▪ Culture of non-payment by JOSHCO's Tenants
▪ Demand for ownership of JOSHCO's rented stock
▪ Demand for job opportunities.

SECTION 4: CAPITAL PROJECTS PERFORMANCE

4.1: QUARTERLY PERFORMANCE

In terms of the Council approved Business Plan, JOSHCO will focus on the completion and delivery of 112 units in 80 Plein Street project and the project is to be handed over to Housing Management for Tenanting during quarter 2 of the financial year.

In addition, within the Inner City, JOSHCO is in a process to procure and appoint Developers for 38 Rissik Street and Booyens projects respectively to commence with re-development on these existing buildings. These projects are implemented in response to COVID-19 and any other emergency requirements that may arise in future.

Table 13 presents the Inner-City projects. In total JOSHCO will deliver 112 practically completed units within the Inner City at the end of November 2020, making 80 Plein Street to be fully complete with a total of 344 units.

Table 13: Inner city projects

PROJECT NAME	APPROVED NO OF UNITS	PROPOSED NO OF UNITS	Q1	Q2	Q3	Q4	ANNUAL TARGET
80 Plein Street	112	112	0	0	0	112	112
38 Rissik Street	0	0	0	0	0	0	Pre-planning
Booyens Place	0	0	0	0	0	0	Pre-planning
106 Claim Street	0	0	0	0	0	0	Commissioning
16 Abel Street	0	0	0	0	0	0	Commissioning
TOTAL	112	0	0	0	0	112	112

Table 14 provides an overview of activities that took place during the first quarter of the financial year 2020/21. The annual target of units to be developed through brownfield is 112 as reflected under table 13

Table 14: Inner City Progress, Planned Activities and Update on Projects

1	Period	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q 1 Actual	106 Claim Street	<p>The project programme is currently underway, with the main Contractor at 85% towards completion on site.</p> <p>Below were the planned activities for Q1 which will now be carried to the next financial year:</p> <ul style="list-style-type: none"> • Electrical, mechanical installation testing and commissioning. • Snagging. De-snagging inspection and handover. • Practical completion inspection and sign-off of all units.
	Q 2 Planned		<ul style="list-style-type: none"> • Finalisation of Lift installation and commissioning. • Snagging and de-snagging of the project. • Testing and commissioning of all.
2	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	50 Durban Street	<p>The planned activities for Q1 were partially affected by the contractor's inability to immediately return to site after the lockdown restriction were lifted.</p> <p>They had cash flow challenges and were unable to pay their service providers in time. The contractor only managed to fully commence work during the 1st quarter of this financial year. The contractor has submitted a recovery plan with methods that will assist catching up on the time lost and not affect the program and delivery on the project.</p> <p>Current activities</p>

	Q2 Planned		<ol style="list-style-type: none"> 1. Carpentry and joinery 2. Internal Finishes 3. Roof structure was completed during Q1. 4. Security booth, turnstile currently at 90% 5. Lift installation underway currently at 90% 6. Electrical second fix underway. <p>Planned activities:</p> <ul style="list-style-type: none"> • Completion of lift installation • Completion of electrical second fix • Completion of Carpentry and joinery • Inspection and remedial works to finish. • Snagging and di-snagging of the project. • Inspections, testing & commissioning.
3	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual		<p>The contractors have progressed fairly well since returning to site after the look down. The site has suffered multiply work stoppages due to reported positive Covid-19 cases on site. The number of days will be added to the program as extension of time.</p> <p>Current activities:</p> <ol style="list-style-type: none"> 1. Heritage site renovations finishes. 2. Fire doors installation 3. Refurbishment of cold-water storage 4. PVC window installation 5. Lift installation 6. Electrical 1st fix 7. Plumbing 1st fix <p>Planned activities:</p> <ul style="list-style-type: none"> • Completion of lift installation • Electrical second fix • Plumbing second fix • Head pumps installation • Rational fire installation • Snagging and di-snagging of remedial works.
	Q2 planned	Abel Street	
4	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual		<p>This is an existing building acquired by JOSHCO in financial year 2015/2016. The building has a potential to yield +/-300 units.</p> <p>Current activities:</p> <p>The bid spec for procurement of the developer was finalized and approved by the end user department. The advert for expression of interest will go out before the end of Q1</p>
	Q2 Planned	38 Rissik Street	<p>Planned activities:</p> <ul style="list-style-type: none"> • Evaluation of tender returns • Appointment of Professional team. • Feasibility and preliminary design and costing.
			<p>This is an existing building acquired by JOSHCO in financial year 2015/2016. The building has a potential to yield +/-300 units.</p> <p>Current activities:</p> <p>The bid spec for procurement of the developer was finalized and approved by the end user department. The advert for expression of interest will go out before the end of Q2.</p>

5	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	280 Smit Street	<p>The project was due to yield a total of 264 affordable rental units once constructed.</p> <p>However, JOSHCO will no longer be going to tender with the current design due to the high projected costs. The project has thus been closed out.</p> <p>Assessment of the building is underway to determine whether or not JOSHCO should not dispose the building.</p>
6	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	80 Plein Street	<p>The project entails refurbishment of an existing office block into social housing rental accommodation in the City Centre of Johannesburg. In total the building consists of 344 units.</p> <p>Current Progress: All the units have been developed to 95 completion, excluding commissioning of various services on the project. The Contractor is busy finishing off common areas, lobbies, reception area, and the facades. However Practical Completion will be certified once the whole project including facades has reached practical completion, contractually.</p>
	Q2 Planned		<p>The following items need be completed before Practical completion on the whole project is reached.</p> <ul style="list-style-type: none"> • External façade cladding completion and inspection. • City Power prepaid meter connection and electrical connection. • Egoli gas connection. • Inspection and snagging of the project. • Testing and commissioning. <p>Completion date: Anticipate overall completion October 2020.</p>
7	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	Selby Hostel	<p>This is an in-situ project in one of JOSHCO tenanted projects (Selby Hostel). An opportunity to further develop additional 90 units was realized.</p> <p>Challenges: The main challenge on the project was Town Planning matters taking longer to get approval from city council. The SG Diagram for the property was approved by Council in November 2019. The Town Planner has now proceeded with the process of amending the Title Deed of the property in line with the new amendments of the scheme.</p> <p>The new rates for this design change would have to be negotiated with the appointed main Contractor before commencement with the project.</p> <p>Challenges: The relocation of the illegal occupants in the area identified for construction has been a challenge. JOSHCO together</p>

			with the ward councillor have agreed to move the qualifying tenants to one of its inner-city projects. And those who do not qualify will be issued with eviction letters to vacate the building.
8	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	Casa Mia	Current status: Project is currently terminated and on hold due to lack of Professional fees payment. Once the additional budget has been approved, JOSHCO needs to terminate the contract & Prof services and appoint a new team to proceed with the project.
	Q2 Planned		The following activities will be done in the next quarter <ul style="list-style-type: none"> • Eviction of illegal tenants • Appointment of a Professional team to re-package the project for re-tendering purposes. • Design development and feasibility assessment.

Although there has been a huge impact on projects due to the national lockdown in the past financial year, most contractors have been able to resume work immediately with minimal workforce following the easing of restrictions. Construction programmes have had to be revised with extensions of time to accommodate the time lost. Supply of material was also a challenge during quarter one as most of suppliers were not meeting the demand.

The table below reflects the number of Greenfield projects that are currently underway implemented by JOSHCO during this financial year.

Table 15: Greenfields project

PROJECT NAME	APPROVED NO OF UNITS	Q1	Q2	Q3	Q4	ANNUAL TARGET	MEANS F VERIFICATION
Golden Highway	60	0	0	0	0	70	Independent professional progress report: wall-plate level.
Lufferheng Social	56	0	0	0	0	56	Independent professional progress report: wall-plate level.
Nancefield Station	30	0	0	0	0	30	Independent professional progress report.
Roodepoort Social	92	0	0	0	0	92	Practical Completion Certificate
Randburg Social	73	0	0	0	0	73	Independent professional report: wall-plate level.
Princess Plot	70	0	0	0	0	70	Engineering services installation report
Turn-Key 1:	47	0	0	0	0	47	Independent review consultants report.
Turn-Key 2	36	0	0	0	0	36	Independent review consultants report.
Turn-Key 3	36	0	0	0	0	36	Independent review consultants report.
Turn-Key 4	36	0	0	0	0	36	Independent review consultants report.
TOTAL	536	0	0	0	0	536	

Progress made during the first quarter on the various Greenfield projects and planned activities are reflected on the table below. The annual target is reflected under table 15 above

Table 16: Greenfields Project Status Update

NO	Period	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
1	Q 1 Actual	Golden Highway Social Housing	<p>Phase 2:</p> <p>The project was planned to deliver 70 units in June 2021. The balance of 260 units to be delivered in 2021/2022 financial year.</p> <p>Current progress:</p> <ul style="list-style-type: none"> • Construction of brickwork up to first floor slab to phase 2.1. • Installation of services to various blocks. • Installation of first floor slabs. • Completion of constructing rafts to the remaining phase 2.1 blocks. • Majority of earthworks and services connection has been concluded on the project, subject to testing during Q2 of 2020/21.
	Q2 Planned		<p>Phase2:</p> <p>The following activities are planned for Q2 in financial year 2020/21:</p> <ul style="list-style-type: none"> • Completion of blocks for the first 60 units. • Construction of Guardhouse. • Construction of site boundary-fence. • Completion of engineering services to blocks.
2	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	Lufherheng Social Housing	<p>This is a mixed-housing development project of the City of Johannesburg. JOSHCO is implementing the rental portion of the development. The project will yield a total of 407 social housing units once complete.</p> <p>Current status:</p> <p>The contractor is slowly bringing in more teams on site to in accordance to the regulations. Work is proceeding fairly well with the following activities per block.</p> <ul style="list-style-type: none"> • Site Clearance • Earthworks, foundation platforms being established and internal roads. • Demolition of existing structures • Civil works • Municipal services installation • Blocks foundations construction. • Commencement of construction (Builder's Works Substructure).
	Q2 Planned		<p>Some blocks are already on second floor window level</p> <ul style="list-style-type: none"> • Continuation of electrical 1st fix • Continuation of plumbing 1st fix • Final surface on internal roads • Continuation builder's works • Services installations • Foundations on other phases

			The Project Review Consultant on the project has been appointed and commenced with duties.
3	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	Nancefield Station	The project has been re-packaged in line with what would be viable. The number of units that can be delivered on the project have been decreased in line with budget availability and as well as the appointment value. Status update: Commencement of the project has received support from the local community. JOSHCO will have to finalise the appointment of a Project Manager for the project in order to start seeing site activities in the second quarter of 2020/21. Planned activities for next quarter: <ul style="list-style-type: none"> • Procurement and appointment of new Professional team, since the current team has concluded its contract. • Further engagements will also take place with community structures during the first quarter of 2020/2021 in line with project beneficiation programme. • Establishment of a project steering committee to assist in driving the project at community level and to guide the beneficiation programme. • Community engagements, setting-up of Local Community Beneficiation program. • Site Clearance and general earthworks. • Setting and procurement of local SMME's and appointment thereof. • Setting and excavation for foundations and other services required on site.
	Q2 Planned:		
4	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	Princess Plot	This project will yield a total of 333 social housing units once completion. ENZA Construction is the main Contractor and is currently on site. Current status: <ul style="list-style-type: none"> • Site clearing has been completed. • Ground works and layering work has commenced. • Compacting test are being done as work progresses • Permanent perimeter fence is being Built • Engaged local labour and business forums. • Set up of local labour and SMME data base • Completed fencing around and establishing site offices.
	Q2 Planned		Planned Activities for next quarter: The following activities will be implemented during the second quarter of financial year 2020/21: <ul style="list-style-type: none"> • Commencement of construction (Builder's Works). • Civil works sewer storm water and water reticulation • Building of Guard House. • Excavation for of reticulation pond and storm water control. • Civil works sewer storm water and water reticulation • Building of Boundary wall and guard gate house. • Moving of fence at Clinic.
4	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
			Phase 1 will yield 145 Social Housing Units once construction is completed.

	Q 1 Actual	Randburg/Selkirk	<p>Current status:</p> <ul style="list-style-type: none"> • Site clearance completed. • Demolishment of existing building completed. • Contractor busy with services <p>Planned Activities for next quarter:</p> <ul style="list-style-type: none"> • Signing of revised land user and maintenance agreement has been signed by JOSHCO and requires JPC to counter-sign. • Application for Section 7(6) with Building Control has been submitted, awaiting approval pending signature of land availability agreement. • Resume construction on site.
	Q2 Planned		
	Q1 Actual	Roodepoort Phase 2	<p>The following activities were implemented in the first quarter of 2020/21 financial year:</p> <ul style="list-style-type: none"> • Structural works, roof setting-up and installations were completed during this quarter. • Internal finishes, i.e. tiling, painting are currently at 70% • Electrical second fix is currently at 75% • Screed and water proving is complete • Concrete slab to landing was completed during this quarter <p>Planned Activities:</p> <ul style="list-style-type: none"> • Installation of heat pumps • Continuation of balustrades installation • Completion of the Palisade fence erection • Preparation for paving • Electrical final fix • Snagging and di-snagging of the project. • Inspections, testing & commissioning. • Practical completion inspection and sign-off of all units.
	Q2 Planned		
5	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q 1 Actual	Turn-Key 1: Region A	<p>This project will yield a total of 350 social housing units once completion. A Developer has been recommended to appointment, subject to a favourable Due-Diligence process, currently underway by the Internal Auditors.</p>
	Q2 Planned		<ul style="list-style-type: none"> • Signing of Development Agreements. • Site hand-over to Developers. • Commencement of construction.
6	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	Turn-Key 2: Region B	<p>This project will yield a total of 500 social housing units once completion. A Developer has been recommended to appointment, subject to a favourable Due-Diligence process, currently underway by the Internal Auditors.</p>
	Q2 Planned		<ul style="list-style-type: none"> • Signing of Development Agreements. • Site hand-over to Developers. • Commencement of construction.
7	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	Turn-Key 4: Region D	<p>This project will yield a total of 400 social housing units once completion. A Developer has been recommended to appointment, subject to a favourable Due-Diligence process, currently underway by the Internal Auditors.</p>
	Q2 Planned		<ul style="list-style-type: none"> • Signing of Development Agreements. • Site hand-over to Developers. • Commencement of construction.
8	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q1 Actual	Turn-Key 5:	<p>This project will yield a total of 550 social housing units once completion. A Developer has been recommended to appointment, subject to a favourable Due-Diligence process, currently underway by the Internal Auditors.</p>

		Region G	
	Q2 Planned		<ul style="list-style-type: none"> • Signing of Development Agreements. • Site hand-over to Developers. • Commencement of construction.

4.2 CAPITAL PROJECTS AND EXPENDITURE

In financial year 2020/2021, JOSHCO has a total budget allocation of R 378 000 000 funded from: COJ Loans, Urban Settlement Development Grant, and National Provincial Grant. At the end of quarter 1, the Entity managed spend 16% against its allocated budget. The table below reflects the expenditure against each project underway:

Table 17: JOSHCO Capital Expenditure

EXPENDITURE REPORT (1st Quarter): CAPITAL PROJECTS 2020-21					
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	Nancefield Station	R 18 000 000,00	R 0,00	0%	R 18 000 000,00
	Lufhereng Social Housing	R 31 000 000,00	13 626 015,81	44%	R 17 373 984,19
	Golden Highway Social Housing-Devland	R 33 000 000,00	R 19 291 967,23	58%	R 13 708 032,77
	SUB-TOTAL A	R 82 000 000,00	R 32 917 983,04	40%	R 49 082 016,96
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	80 Plein Street	R 10 000 000,00	R 470 398,22	5%	R 9 529 601,78
	Casa Mia (Phase 1&2)	R 5 000 000,00	R 0,00	0%	R 5 000 000,00
	Inner City Rental Housing	R 16 000 000,00	R 41 457,88	0%	R 15 958 542,12
	Joshco House	R 30 000 000,00	R 12 202 581,54	41%	R 17 797 418,46
	38 Rissik Street	R 4 550 000,00	R 0,00	0%	R 4 550 000,00
	Booyens Place	R 5 000 000,00	R 0,00	0%	R 5 000 000,00
	106 Claim Street	R 5 000 000,00	R 0,00	0%	R 5 000 000,00
	8-16 Abel Street	R 10 000 000,00	R 7 449 865	74%	R 2 550 135,16
	SUB-TOTAL B	R 85 550 000,00	R 20 164 302,48	0%	R 65 385 697,52
CORRIDOR OR NODE	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	Randburg Selkirk	R 40 442 000,00	R 1 340 533,91	3%	R 39 101 466,09
	SUB-TOTAL C	R 40 442 000,00	R 1 340 533,91	3%	R 39 101 466,09
MINING BELT	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	Roodepoort Phase 2	R 20 000 000,00	R 6 709 887,20	34%	R 13 290 112,80
	Princess Plot	R 40 000 000,00	R 440 442,82	1%	R 39 559 557,18
	SUB-TOTAL D	R 60 000 000,00	R 7 150 330,02	0%	R 52 849 669,98
TURN KEYS	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%	VARIANCE
	Special Projects Programme	R 24 058 000,00	R 0,00	0%	R 24 058 000,00
	Region A	R 25 950 000,00	R 0,00	0%	R 25 950 000,00
	Region B	R 20 000 000,00	R 0,00	0%	R 20 000 000,00
	Region D	R 20 000 000,00	R 0,00	0%	R 20 000 000,00
	Region G	R 20 000 000,00	R 0,00	0%	R 20 000 000,00
	SUB-TOTALE	R 110 008 000,00	R 0,00	0%	R 110 008 000,00
	TOTAL (A+B+C+D+E)	R 378 000 000,00	R 61 573 149,45	16%	R 316 426 850,55

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation has 19 Annual Key Performance Targets in the 2020/21 business plan, in the first quarter 13 targets were due for reporting. 2 targets have been achieved, 9 partially achieved and 2

targets have not been achieved. It should be noted that targets recorded “as not achieved”, are mostly above 50%. The overall quarterly performance is 15%.

Performance Targets	Targets
Applicable targets in Q1	13
Targets achieved	2
Targets partially achieved	9
Targets not achieved	2
Not due for reporting	6

Legend:

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

Table 18: Performance against Predetermined Objectives as at 30 September 2020

Key Performance Area	Key Performance Indicator	Total target for the year 2020/21	Q1 Target	Q1 Actual	Variance	Mitigation Actions
1. Financial Sustainability.	Achievement of selected profitability and liquidity ratios.	Current Ratio: 1:1	1:1	0.77:1	-0.23	The non-performance of this target is due to continued losses being incurred largely due to a high provision for bad debts and high operating costs. Plans are in place for implementation of the strategies (student accommodation, outdoor advertising, implementation of projects on behalf of other government institutions). These initiatives are ongoing and will be implemented throughout the year.
		Solvency Ratio: 1:1	1:1	0.85:1	-0.15	
		50 days cost coverage	50 days coverage	-59 days	-109	Non-performance is due to low cash balances as at 30 September 2020 due to settlement of suppliers prior to receiving claims from the Department of Housing (Housing) and the Corporate Asset Management (CAM) department. This was done in order to ensure that the entity pays suppliers within

Key Performance Area	Key Performance Indicator	Total target for the year 2020/21	Q1 Target	Q1 Actual	Variance	Mitigation Actions
						30 days. The entity needs to shorten the period we are reimbursed by Housing and CAM in order to improve our cash balances. JOSHCO's Finance department is working on a departmental operational plan to review the payment and claim processes. This should be concluded in the second quarter.
	% Collection in respect of current debtors.	85% collection in respect of debtors	85%	58%	-27%	<p>Non-achievement of this target is due to continued low rental collection across all projects. We are still seeing the effects of the national lockdown as many tenants have requested an extension to the payment holiday as they are still not getting their full salaries.</p> <p>A debt collecting company has been appointed to assist with collection of all outstanding debt older than 90 days. Contracting was finalised on the 21st of August 2020 and we've handed over two projects from our City Referral Stock portfolio (i.e. Bothlabela & Kliptown Golf Course) where we have the biggest issues with rent payments. Tenants are coming forward to enter into payment arrangements. The second phase of the handover is all tenants who have defaulted on acknowledgement of debt agreements entered into and those who have not entered into any payment arrangement for amounts over 90 days in arrears. These will be done across all projects.</p> <p>We are continuing with implementing our collection processes. Evictions will be executed once regulations allow for evictions to be executed.</p>
2. Economic Development	Number of jobs created for the unemployed through the EPWP programme.	910 number of jobs created through the EPWP programme.	227	68	159	Level 3 of the Disaster Management regulations only opened mid quarter for all construction work to operate. As well, we had to extend the current 86 EPWP contracts which meant there couldn't be any new creations of contracts. Going forward to mitigate the issue, we have new development projects that we will target for strictly for EPWP's.

Key Performance Area	Key Performance Indicator	Total target for the year 2020/21	Q1 Target	Q1 Actual	Variance	Mitigation Actions
	% Of capex spent on SMME.	30% spent of capex on SMME	30%	11%	-19%	Only two JOSHCO greenfield projects have reached a stage of Builder's Works, where there is larger scope for SMME participation, while another two projects are expected to commence Builder's Works stage in quarter 2. This would enhance SMME expenditure
	% Of valid invoices paid within 30 days of invoice receipt.	100% valid invoices paid within 30 days of invoice receipt.	100%	100%	-	
3. Social Housing Development	No of social and affordable housing units developed for under privileged beneficiary's City wide.	648 no of social and affordable housing developed for the disadvantaged beneficiaries	-	-	-	Annual target.
	% Capital budget spent on rental social housing infrastructure.	95% capital budget spent on rental of social housing infrastructure	15%	16%	+1	
4. Contribute to mitigating climate change impact.	No of SMART and eco-friendly projects.	9 properties installed with either pre-paid water, electricity systems or solar panels.	-	-	-	Projects are in a planning phase. Site visits for desktop assessment have been concluded. Professional team procurement expected to conclude on week ending 02/10/2020.
		2 properties installed with rainwater system.	-	-	-	
5. Adherence to corporate governance principles.	Unqualified audit opinion.	Unqualified audit opinion	-	-	-	Annual target.
	% Compliance to laws and regulations.	95% compliance to laws and regulations.	95%	79%	-16%	The underperformance was due to 6 Acts that the organisation was not 100% compliant. The department has developed a detailed action plan with implementation timelines for respective departments to implement in order to address non-compliance. Furthermore, the organisation will procure additional exclaim licenses to allow process

Key Performance Area	Key Performance Indicator	Total target for the year 2020/21	Q1 Target	Q1 Actual	Variance	Mitigation Actions
						owners at departmental levels to own the compliance process.
	% Implementation of corrective actions against identified risks.	95% implementation of corrective action against identified risks.	95%	54%	-46%	The COVID 19 Pandemic proved to be challenging towards the implementation of some of the mitigating controls that were planned for implementation. Management will resuscitate the Senior Management forum which will manage the implementation of the mitigation action process. Furthermore, mitigation actions that were not implemented in the 1 st quarter will be reviewed to determine the extent of their implementation and allocate a realistic timeline.
	% Implementation of corrective action against audit findings.	100% implementation of corrective action against internal audit findings	100%	28%	-72%	Underperformance was as a result of that some of the findings that management has indicated that were closed, internal audit found that the controls were inadequate during their review. Furthermore, The COVID 19 Pandemic proved to be challenging towards the implementation of some of the corrective measure that were planned for implementation. Management will resuscitate the Senior Management forum which will manage the implementation of the mitigation action process. Furthermore, the corrective measures that were not implemented in the 1st quarter will be reviewed to determine the extent of their implementation and allocate a realistic timeline.
		100% implementation of corrective action against external audit findings	100%	79%	-21%	
	% Filling of vacancies from middle management to Executive Management.	100% filling of vacancies from middle management to Executive Management	100%	50%	50%	There were 2 positions approved for recruitment at these categories, and only 1 was placed and the other position of Stakeholder was advertised in May 2020, and interviews were conducted. However, it was discovered post second round that candidates were not suitable, and it warranted for a rerun. The process is now at shortlisting stage and is planned to be concluded end of October 2020
6.Stakeholder Centric.	% Customer satisfaction rating	85% customer satisfaction rating	-	-	-	Annual target

Key Performance Area	Key Performance Indicator	Total target for the year 2020/21	Q1 Target	Q1 Actual	Variance	Mitigation Actions
	% Employee satisfaction rating	85% employee satisfaction rating	-	-		Annual target

SECTION 6: CIRCULAR 88 KPI

JOSHCO contribute to one annual circular 88 key performance indicator that is currently not due for reporting.

Table 19: Performance against Institutional SDBIP as at 30 September 2020

No	National Treasury Proposed Indicators	Ref No	2018/19 Baseline	2020/21 Targets	Quarterly Targets				Total Budget R 000			Quarterly budget R 000				Lead Department/Entity
					Q1	Q2	Q3	Q4	Capex	Opex	Q1	Q2	Q3	Q4		
126	New subsidized units developed in Brownfields developments as a percentage of all new subsidized units city-wide	IC1.	297	112	-	-	112	-	R85,550	-	-	15%	50%	80%	95%	JOSHCO

SECTION 7: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

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

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

JOSHCO reports on performance against seven pre-determined targets for Service Level Standards. On average, JOSHCO has achieved four of its seven service standards in Quarter 1. The agreed service standards with the City covers the following:

- 98% accurate bills of all active customers
- 96% of maintenance request attended within 7 working days of the logged call
- Routine building maintenance once per year and as when required
- Outcome of enquiry to be sent to application within 5 days
- Outcome of the application communicated within 7 days
- Acknowledgement and response within 24 hours of complaint being logged
- Resolution within 5 working days of logged call

The billing of customer standard was under achieved by 2%. The variance was due to projects that its tenants were billed using outdated tariffs. These have been corrected on the Tariffs proposal for 2020/21 financial year and the implementation of the approved tariffs was 99% accurate in the month of September 2020. The maintenance targets were not achieved due to Challenges with performance of contractors caused delays in certain jobs been completed within turnaround time. The complaints were not resolved within the turnaround time of 5 days due to technical challenges results in delay in receipt and response of emails. Below is the entity’s performance for Quarter 1

Table 20: Service Level Standard Table

Core Service	Service Level Standard Target	July 2020 Actual	August 2020 Actual	September 2020 Actual	Quarter 1 2020/21 Actual	Variance	Variance explanation	Mitigations
Billing customers	98% accurate bills of all active customers	95.25% (7686/8071)	95% (7706/8091)	99% (8101/8190)	96%	2%	The variance was due to projects that its tenants were billed using outdated tariffs.	The correct tariffs were submitted and approved by Council. Implementation of the approved tariffs was 99% accurate in the month of September 2020.
Attending to request to maintenance	96% of maintenance request attended within 7 working days of the logged call	90% (607 of 671)	93% (464 of 501)	75% (166 of 222)	89%	7%	Challenges with performance of contractors caused delays in certain jobs been completed within turnaround time.	Engage with Supply Chain Department to act against contractors unwilling/unable to provide services according to required standards.
Routine building maintenance	Once per year and as required when required	No planned maintenance scheduled	100% (1 of 1)	100% (3 of 3)	100%	None	None	None
Application of rental housing	Outcome of enquiry to be sent to application within 5 days	4 days (299)	1 day (288)	1 day (130)	2 days	None	None	None
Applicant of rental housing	Outcome of the application communicated within 7 days	0 days (182 of 182)	4 days (90 of 91)	3 days (21 of 24)	2 days	None	None	None
Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 hours (322 of 322)	24 hours (296 of 296)	24 hours (138)	24 hours	None	None	None
Resolution of complaints	Resolution within 5 working days of	6 days (23)	15 days (8)	8 days (8)	10 days	5 days	Technical results in delay in receipt	Continuously engage with IT unit to ensure

	logged call								and response of emails.	that technical challenges are addressed in time
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7.1 PERFORMANCE AGAINST SERVICE STANDARDS (DETAIL)

7.1.1 Maintenance function

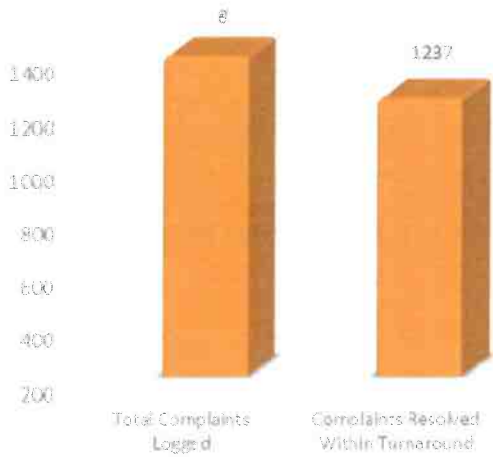
Maintenance is a component of Property Management, which is a strategy for retaining and growing the value of the building as an asset. Maintenance is therefore pivotal to the management of the entire investment in the building. Maintenance falls into the following categories:

- Common area and grounds maintenance
- Vacancy re-instatement maintenance
- Planned maintenance
- Reactive maintenance

The total maintenance cost incurred for the quarter amounted to **R5 063 076**. A total of 1394 reactive jobs were logged between July 2020 and September 2020 at a cost of **R 3 793 234**, spent on unplanned maintenance and **R 1 269 842** was spent on planned maintenance programmes.

The SLS key performance indicator of 96% relating to the number of maintenance cases closed within turnaround of seven (7) days was not achieved with only 89% being reached. The target was not achieved however there was a marked improvement from the previous quarter as restrictions relating to COVID-19 are reduced. The challenges experienced and contributing to the target not being achieved during the quarter were extended to larger maintenance. This larger maintenance that required three quotes need be separated from normal maintenance of seven days turnaround time to at least 15 working days.

Complaints Logged Jul 2020 to Sep 2020



SERVICE TYPES JUL 2020 TO SEP 2020

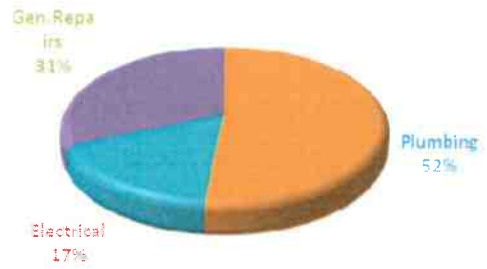
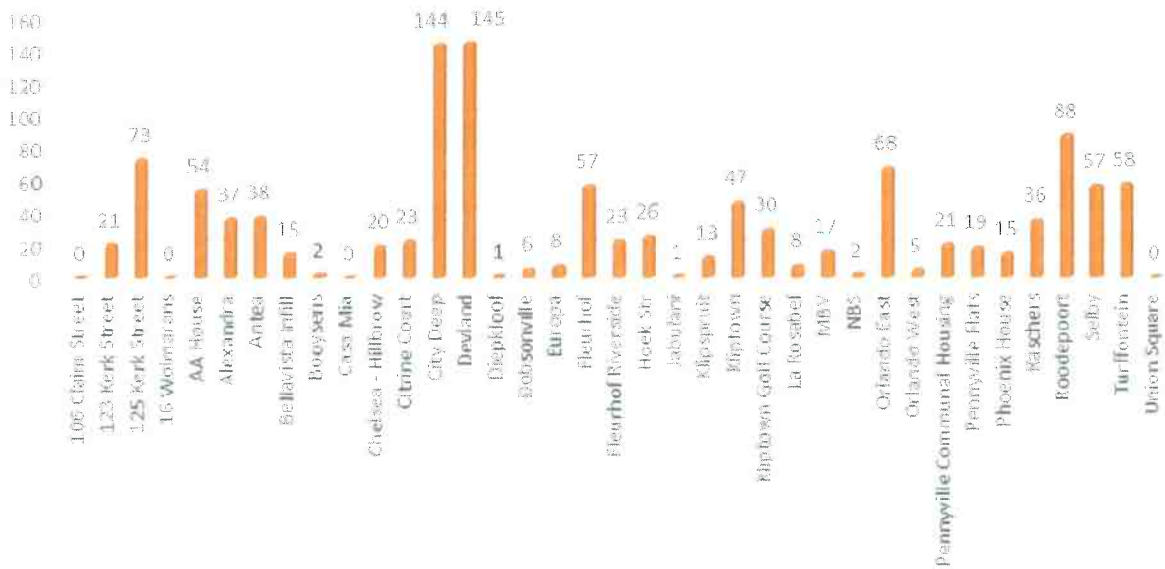
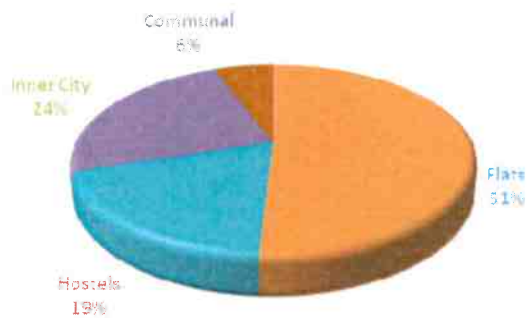


Fig 1 – Calls logged Vs Response Calls

The following chart provides a breakdown of jobs logged per project in all tenanted JOSHCO projects during the first quarter of 2020-2021



JOBS PER PROJECT TYPE



PERCENTAGE COST PER PROJECT TYPE

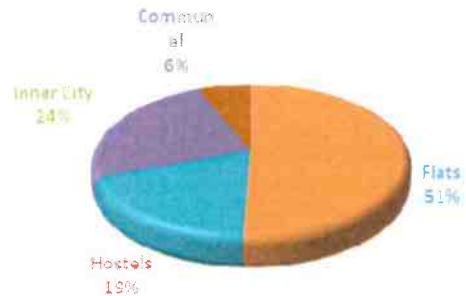


Chart 1: Total Jobs per Project classification

The following table provides an analysis of maintenance costs per project for the first quarter of 2020-2021.

Table 21: Project Unplanned Maintenance Costs

Project Name	Total Cost	% of Total Cost	Budget YTD	% Budget YTD	Total Budget	% Budget Spent
16 Wolmarans	-	0%	-	-	339 204	0%
123 Kerk Street	47 174	1%	79 500	59%	318 000	15%
125 Kerk Street	167 074	4%	127 500	131%	510 000	33%
AA House	233 682	6%	124 942	187%	499 769	47%
Alexandra	152 725	4%	298 197	51%	1 192 788	13%
Antea	62 575	2%	193 450	32%	773 800	8%
Bellavista Infill	42 965	1%	39 432	109%	157 728	27%
Booyens	11 344	0%	92 748	12%	370 992	3%
Chelsea	56 731	1%	76 500	74%	306 000	19%
Citrine Court	111 497	3%	112 049	100%	448 198	25%
City Deep	340 046	9%	505 202	67%	2 020 761	17%
Claim Street	-	0%	-	-	159 000	0%
Devland	86 612	2%	172 250	50%	689 000	13%
Dobsonville	75 726	2%	530 000	14%	2 120 000	4%
Diepkloof	7 307	0%	289 433	3%	1 157 730	1%
Europa	47 632	1%	30 846	154%	123 384	39%
Fleurhof	593 612	16%	397 478	149%	1 589 910	37%
Fleurhof Riverside	74 942	2%	99 225	76%	396 900	19%
Hoek Street	80 208	2%	31 800	252%	127 200	63%

Jabulani	14 712	0%	50 250	29%	201 000	7%
Klipspruit	48 754	1%	59 880	81%	239 520	20%
Kliptown	313 945	8%	311 250	101%	1 245 000	25%
Kliptown Golf Course	36 944	1%	278 250	13%	1 113 000	3%
La Rosabel	28 749	1%	85 329	34%	341 316	8%
MBV	137 540	4%	108 750	126%	435 000	32%
NBS	2 753	0%	25 000	11%	216 415	1%
Orlando East	156 254	4%	117 663	133%	470 650	33%
Orlando West	3 554	0%	112 053	3%	448 212	1%
Pennyville Communal	81 043	2%	50 000	162%	200 000	41%
Pennyville Flats	98 823	3%	112 500	88%	450 000	22%
Phoenix House	50 920	1%	56 800	90%	227 200	22%
Raschers	58 474	2%	49 000	119%	196 000	30%
Roodepoort	175 342	5%	193 007	91%	772 027	23%
Selby	85 847	2%	225 249	38%	900 996	10%
Turffontein	307 729	8%	225 200	137%	900 800	34%
Grand Total	3 793 234		5 260 732	72%	21 657 499	18%

Table 22: Unplanned Maintenance Costs vs Budget

Quarter	Cost YTD	Cost Per Quarter	Total Units	Cost Per Unit	Cost Per Unit YTD
1 st	R3 793 234	R3 793 234	8445	R449	R449

The jobs per service type were within the normal average band with thirty one percent (31%) of jobs relating to general repairs and maintenance, fifty two percent (52%) to plumbing, and seventeen (17%) to electrical. The previous quarters high number of maintenance jobs relating to plumbing and electrical was due to only essential services being provided during the level 4 and 5 lockdown period. Plumbing remain the majority of the jobs due to blockages to drainage systems, aging infrastructure in converted hostel projects, replacement of geysers that burst due to the end of their life span and are out of warranty, repair and replacement of leaking water supply piping, replacement of sanitary fittings such as baths, basins and toilet that have failed due to the end of their life span, replacement of taps that have failed due to the end of their life span.

The following chart provides an analysis of the service type trends per quarter for the financial year 2020-2021.

SERVICE TYPE TREND ANALYSIS

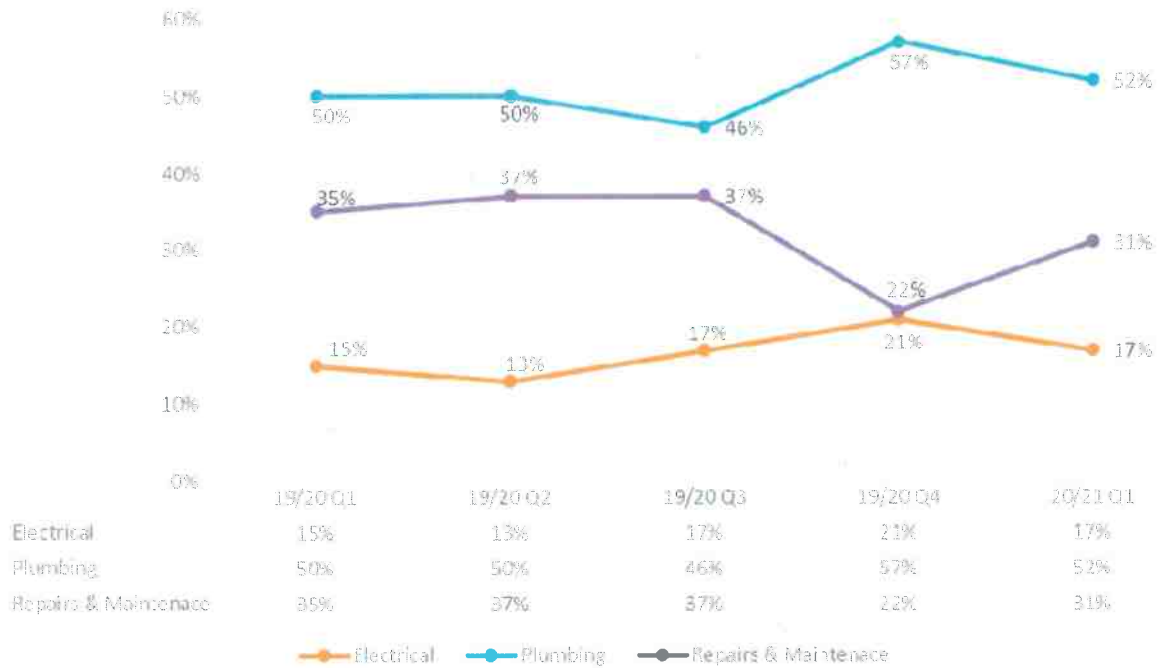


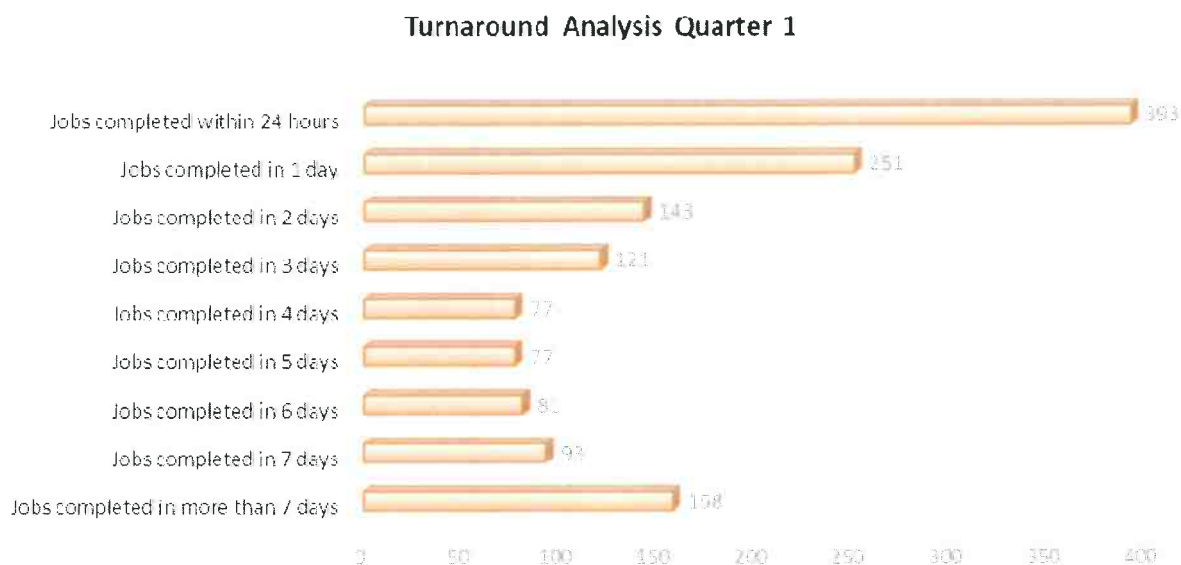
Table 23: Turnaround Times

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

Project Name	No. Jobs Quarter 1	Jobs Within Turnaround	Project Name	No. Jobs Quarter 1	Jobs Within Turnaround
123 Kerk Street	17	76%	Jabulani	3	67%
125 Kerk Street	110	98%	Klipspruit	18	94%
AA House	66	98%	Kliptown	115	97%
Alexandra	58	100%	Kliptown Golf Course	28	100%
Antea	19	89%	La Rosabel	3	33%
Bellavista Infill	28	86%	MBV	36	89%
Booyens	4	75%	NBS	1	0%
Chelsea	11	91%	Orlando East	68	68%
Citrine Court	26	73%	Orlando West	3	100%
City Deep	107	91%	Pennyville Communal	21	95%
Devland	61	95%	Pennyville Flats	23	96%
Dobsonville	31	97%	Phoenix House	23	87%
Diepkloof	2	0%	Raschers	32	94%
Europa	11	100%	Roodepoort	73	90%

Fleurhof	107	75%	Selby	50	94%
Fleurhof Riverside	23	83%	Turffontein	194	87%
Hoek Street	22	50%	Union Square	22	50%
			Grand Total	1178	89%

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



Planned Maintenance Schedule

The following report provides a breakdown of planned maintenance executed during the first quarter of 2020-2021 financial year.

Table 24: Planned Maintenance Schedule

PLANNED MAINTENANCE: 2020-2021	Quarter 1
OHSA	
OHSA Remedial Work	10 609
Service fire equipment	151 192
Antea	
Internal painting of units	194 153
Bothlabela	
Reinstatement of damaged boundary fence	62 734
Dobsonville	
Servicing of heat pump systems	85 360

Europa House	
Placement of communal shower curtains	16 461
Servicing of heat pump	124 412
Fleurhof Junction	
Setup of site storage facility	12 772
Repair & service of heat pump systems	201 733
Fleurhof Riverside	
Repair of structural defects	61 157
Jabulani	
Installation of palisade fence	40 058
MBV	
Revamp of communal kitchen areas	28 296
Repair and service of water booster pump system	91 186
Repair and service of basement submersible pumps	62 168
Pennyville	
Installation of additional security lighting	59 285
Selby	
Creation of new site office space	19 266
Turffontein	
Servicing of heat pump systems	49 000
Total Expenditure	1 269 842

Maintenance Analysis per Project

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

Table 25: Maintenance Analysis per Project

Project Name	Service Type	Jobs in Units	Common Area Jobs	Total Jobs	Amount
123 Kerk Street	Electrical	3	-	3	5 664
	Plumbing	5	1	6	8 949
	Re-instatement	1	-	1	9 146
	Repairs & Maintenance	4	3	7	23 415
123 Kerk Street Total		13	4	17	47 174
125 Kerk Street	Electrical	12	9	21	43 624
	Plumbing	26	10	36	31 274
	Re-instatement	1	-	1	2 089
	Repairs & Maintenance	37	14	51	86 141
	Partitioning	1	-	1	3 946

125 Kerk Street Total		77	33	110	167 074
AA House	Electrical	3	12	15	135 021
	Plumbing	16	19	35	50 813
	Re-instatement	2	-	2	10 122
	Repairs & Maintenance	5	9	14	37 726
AA House Total		26	40	66	233 682
Alexandra	Electrical	-	7	7	49 331
	Plumbing	-	47	47	70 875
	Repairs & Maintenance	-	3	3	32 118
	Partitioning	-	1	1	401
Alexandra Total		-	58	58	152 725
Antea	Electrical	1	-	1	807
	Plumbing	8	6	14	49 224
	Repairs & Maintenance	3	1	4	12 545
Antea Total		12	7	19	62 575
Bellavista Infill	Electrical	1	2	3	3 205
	Plumbing	10	1	11	11 549
	Re-instatement	4	-	4	20 403
	Repairs & Maintenance	8	2	10	7 808
Bellavista Infill Total		23	5	28	42 965
Booyens	Electrical	-	1	1	7 301
	Plumbing	-	3	3	4 043
Booyens Total		-	4	4	11 344
Chelsea	Electrical	-	3	3	9 955
	Plumbing	-	4	4	35 802
	Repairs & Maintenance	2	1	3	10 974
	Fire Equipment	-	1	1	-
Chelsea Total		2	9	11	56 731
Citrine Court	Electrical	1	1	2	23 773
	Plumbing	8	-	8	15 545
	Re-instatement	6	1	7	59 219
	Repairs & Maintenance	8	1	9	12 960
Citrine Court Total		23	3	26	111 497
City Deep	Electrical	18	4	22	57 969
	Plumbing	42	26	68	238 263
	Repairs & Maintenance	15	2	17	43 814
City Deep Total		75	32	107	340 046
Devland	Electrical	5	4	9	19 542
	Plumbing	22	7	29	29 190
	Repairs & Maintenance	17	6	23	37 880
Devland Total		44	17	61	86 612
Diepkloof	Electrical	2	-	2	7 307
Diepkloof Total		2	-	2	7 307

Dobsonville	Electrical	9	2	11	32 230
	Plumbing	8	2	10	30 557
	Repairs & Maintenance	8	2	10	12 938
Dobsonville Total		25	6	31	75 726
Europa	Electrical	-	6	6	38 754
	Plumbing	-	4	4	8 646
	Repairs & Maintenance	-	1	1	232
Europa Total		-	11	11	47 632
Fleurhof	Electrical	7	7	14	73 368
	Plumbing	33	30	63	235 152
	Re-instatement	5	-	5	79 049
	Repairs & Maintenance	30	18	48	280 985
Fleurhof Total		75	55	130	668 554
Hoek Street	Electrical	1	1	2	20 104
	Plumbing	1	14	15	37 996
	Re-instatement	1	-	1	8 538
	Repairs & Maintenance	3	1	4	13 570
Hoek Street Total		6	16	22	80 208
Jabulani	Plumbing	3	-	3	14 712
Jabulani Total		3	-	3	14 712
Klipspruit	Electrical	7	-	7	19 040
	Plumbing	-	8	8	27 713
	Repairs & Maintenance	-	3	3	2 000
Klipspruit Total		7	11	18	48 754
Kliptown Square	Electrical	15	2	17	20 214
	Plumbing	55	12	67	117 680
	Re-instatement	7	1	8	123 019
	Repairs & Maintenance	16	6	22	51 496
	OHSA	1	-	1	1 536
Kliptown Total		94	21	115	313 945
Kliptown Golf Course	Electrical	1	-	1	1 116
	Plumbing	18	7	25	32 059
	Repairs & Maintenance	2	-	2	3 770
Kliptown Golf Course Total		21	7	28	36 944
La Rosabel	Plumbing	1	-	1	451
	Repairs & Maintenance	1	-	1	22 699
	Fire Equipment	-	1	1	5 600
La Rosabel Total		2	1	3	28 749
MBV	Electrical	2	1	3	15 583
	Plumbing	-	28	28	64 461
	Repairs & Maintenance	-	5	5	57 497
MBV Total		2	34	36	137 540
NBS	Electrical	-	1	1	2 753

NBS Total		-	1	1	2 753
Orlando East	Electrical	13	6	19	53 050
	Plumbing	28	3	31	35 736
	Re-instatement	2	-	2	17 273
	Repairs & Maintenance	12	3	15	47 241
	Fire Equipment	-	1	1	2 954
Orlando East Total		55	13	68	156 254
Orlando West	Electrical	1	-	1	506
	Plumbing	1	-	1	1 711
	Repairs & Maintenance	-	1	1	1 337
Orlando West Total		2	1	3	3 554
Pennyville	Plumbing	21	20	41	160 954
	Repairs & Maintenance	3	-	3	18 912
Pennyville Total		24	20	44	179 866
Phoenix House	Electrical	5	1	6	24 016
	Plumbing	8	3	11	12 635
	Re-instatement	1	-	1	1 261
	Repairs & Maintenance	4	1	5	13 008
Phoenix House Total		18	5	23	50 920
Raschers	Electrical	3	5	8	22 784
	Plumbing	1	18	19	33 883
	Repairs & Maintenance	-	4	4	1 807
	Fire Equipment	-	1	1	-
Raschers Total		4	28	32	58 474
Roodepoort	Electrical	6	4	10	15 605
	Plumbing	34	16	50	112 004
	Re-instatement	1	-	1	12 690
	Repairs & Maintenance	6	6	12	35 043
Roodepoort Total		47	26	73	175 342
Selby	Electrical	11	2	13	11 046
	Plumbing	27	5	32	53 206
	Repairs & Maintenance	2	3	5	21 596
Selby Total		40	10	50	85 847
Turffontein	Electrical	29	-	29	42 963
	Plumbing	45	5	50	82 633
	Re-instatement	1	-	1	9 885
	Repairs & Maintenance	105	9	114	172 248
Turffontein Total		180	14	194	307 729
Grand Total		902	492	1 394	3 793 234

ANALYSIS OF OCCUPANCY LEVELS PER PROJECT

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

Table 26: OCCUPANCY LEVELS PER PROJECT

No.	Project Name	Units No.	Untenantable Units	Tenantable Units	Vacant Units	Occupied	Occupancy Rate
1.	AA House	253	0	253	0	253	100%
2.	African Diamond	61	0	42	19	39	100%
3.	Antea	302	0	302	0	302	100%
4.	Bellavista Infill	36	0	36	0	36	100%
5.	Bothlabela	520	0	520	0	520	100%
6.	Chelsea	80	0	80	0	80	100%
7.	Citrine Court	79	0	79	0	79	100%
8.	City Deep New	329	0	329	0	329	100%
9.	City Deep Old	380	0	380	0	380	100%
10.	Devland	255	0	255	0	255	100%
11.	Dobsonville	502	0	502	24	478	95,22%
12.	Diepkloof	216	70	146	0	146	100%
13.	Europa House	167	0	167	0	167	100%
14.	Fleurhof Ph. 1	452	0	452	0	452	100%
15.	Fleurhof Ph. 2	252	0	252	0	252	100%
16.	Hoek Street	265	0	265	2	265	99,25%
17.	Jabulani	54	0	54	0	54	100%
18.	Klipspruit (Beds)	0	0	0	0	0	100%
19.	Kliptown Golf C	934	0	934	1	933	99,89%
20.	Kliptown Square	478	0	478	0	478	100%
21.	La Rosabel	50	0	50	0	50	100%
22.	MBV	188	0	188	0	188	100%
23.	Orlando Ekhaya 2	190	0	190	0	190	100%
24.	Orlando Ekhaya 1	102	0	102	0	102	100%
25.	Orlando West	44	0	44	0	44	100%
26.	Pennyville (Flats)	198	0	198	0	198	100%
27.	Pennyville Rooms	492	0	492	1	491	100%
28.	Phoenix House	134	0	134	3	131	100%
29.	Rashers' Building	96	0	96	0	96	100%
30.	Roodepoort	432	0	432	0	432	100%
31.	Selby Rooms	19	0	19	0	19	100%
32.	Selby Units	268	0	268	0	268	100%
33.	Textile Building	162	0	162	38	124	76,54%
34.	Turffontein	525	0	525	40	485	92,38%
	Totals	8515	70	8445	128	8317	98,48%

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

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

Table 27: Personnel Cost by Occupational Level as at 30 September 2020:

Occupational Level	No. of 'ees	Q1 F2021 (R'000) Personnel Expenditure	No. of 'ees	Q4 F2020 (R'000) Personnel Expenditure	% of ttl pers. cost	(R'000) Average cost per employee
Top Management (CEO, CFO)	2	852,514.00	2	852,514.00	3%	426,257.00
Executive Managers	3	1,261,816.63	3	1,261,816.63	5%	420,605.54
Professional Qualified /Mid Man	34	5,641,810.05	32	5,026,801.62	22%	165,935.59
Skilled, Technicians	93	7,524,866.03	86	6,768,539.10	29%	80,912.54
Semi-Skilled	1	43,407.18	1	40,853.82	0%	43,407.18
Internship	5	110,556.35	6	124,863.64	0%	22,111.27
EPWP	68	835,500.00	85	1,013,000.00	3%	10,711.54
Unskilled	366	9,677,482.86	368	2,997,405.55	37%	26,441.21
Total	582	25,947,953.10	583	18,085,794.36	100%	

Note: The salary costs above include costs for Cleaners, Security guards and excludes governance cost (Board fees). 2020/21 financial year started with 1 extra employee overall, however the total cost went up by 30% due to the security departments shift allowances and overtime paid.

SECTION 2: KEY VACANCIES

This section provides reporting on key vacancies that has serious impact on the business. Corporate Services is tasked with ensuring that approved structural positions are filled on time.

Table 28: Acting Appointments

Designation	Current	From
Portfolio Manager	Exe Manager: Housing Management	26 th March 2020 to date

The Executive Manager: Housing Management resigned at end of February 2020.

Table 29: Staff Movement

Position	Number of vacancies	New Position/ Replacement	Status
Risk Manager	1	New Position	Appointed 1 July 2020
Internal Auditors	2	New Position	Appointed 1 July 2020
Bookkeeper	1	Replacement	Appointed 1 September 2020
Accounts Administrator	1	Replacement	Appointed 1 September 2020
Communications Officer	1	New Position	Appointed 1 August 2020
Supply Chain Manager (FTC)	1	New Position	Appointed 07 September 2020
Supply Chain Officer (FTC)	2	New Position	Appointed 14 September 2020
Total	9		

2.1 RECRUITMENT

Table 30: Recruitment progress

Position	Number of vacancies	New Position/ Replacement	Status
Call Centre Agent	4	New Position	Shortlisting Stage
Web Developer	1	New Position	Offer accepted
Compliance & Ethics Officer	1	New Position	Assessment Stage
Senior Architect (FTC)	1	New Position	Interviewing Stage

Position	Number of vacancies	New Position/ Replacement	Status
Stakeholder Engagement Manager	1	New Position	Interviewing Stage
Receptionist	2	Replacement	Shortlisting Stage
Security Supervisor	3	New Position	Advert opened

SECTION 3: EMPLOYMENT EQUITY

This section provides information on how the entity has performed and responded to the requirements of employment equity for the quarter under review. JOSHCO's policy objective is to have a workforce reflective of the demographics of South Africa and Gauteng region. Diversity and inclusion are entrenched in our talent management as well as a learning and development agenda which allows us to improve our talent pipeline for designated groups.

The Employment Equity is profiled according to gender, disability, race, salary grade and by occupational levels. The employment equity targets are aligned to the country's Economically Active Population (EAP) percentage distribution within the Gauteng region. The EAP includes people from **15 to 64 years of age** who are *either employed or unemployed* and *seeking employment* and is used to assist employers in the analysis of their workforce to determine the degree of under-representation of the designated groups. JOSHCO is required to use the EAP as a guide, to determine the resource allocation and subsequent interventions that are needed to achieve an equitable and representative workforce. It is important to note that the analysis of this section of the report focuses on the Gauteng EAP and IDP target as depicted in the tables below.

Table 31: Employee equity statistics

Employment Equity Profile												G/ Ttl	Racial % Achievement	Female Gender % Achievement	
Occupational Level	Male				Female				Foreign Nat.		Local				
	A	C	I	W	A	C	I	W	M	F	M				F
Top Management	1	0	0	0	1	0	0	0	0	0	1	1	2	100%	50%
Senior Management	1	0	0	0	2	0	0	0	0	0	1	2	3	100%	67%

Professionally Qualified / Middle Management	16	0	0	3	12	0	1	0	1	1	19	13	34	85%	38%
Skilled Technically and Academically Qualified	41	2	0	0	44	3	1	1	0	1	43	49	93	98%	53%
Semi-Skilled	1	0	0	0	0	0	0	0	0	0	1	0	1	100%	0%
Unskilled	169	2	0	0	192	3	0	0	0	0	171	195	366	100%	53%
Total	229	4	0	3	251	6	2	1	1	2	236	260	499	97%	43%

SECTION 4: AGE PROFILE

Table 32: Employee Age Profile

Age			Gender		Race			
Age Groups	Number of staff	% representation	Male	Female	A	C	I	W
18-25	4	4%	0	4	4	0	0	0
26-35	38	35%	18	17	30	3	0	2
36-45	40	35%	18	22	35	1	1	2
46-55	18	16%	12	7	16	1	1	0
56-65	12	11%	6	6	10	1	0	1
Total	112	100%	54	57	95	6	2	5

SECTION 5: SKILLS DEVELOPMENT AND TRAINING

5.1 Bursaries for 2020/21

There were no applications received for the semester courses and therefore no bursaries were awarded for the reporting period.

5.2 Training Interventions

Security guards were all trained on screening and dealing with identified cases for COVID -19.

SECTION 6: PERFORMANCE MANAGEMENT

All employees of JOSHCO are expected to sign new performance contracts by end of Sept for the financial year 2020/21, the progress thereof will be provided from the end of quarter 2 of F2021.

Table 33: Performance contract report

Department	Eligible Staff members	Performance Agreements submitted	Outstanding
Office of the CEO	7	6	1
Business Planning & Strategy	4	2	2
Housing Management	48	38	10
Housing Development	8	7	1
Finance & SCM	9	7	2
Revenue	17	16	1
Corporate Support & HR	13	9	4

Note: The outstanding performance contracts are due to either employees being new or on extended leave of absence.

SECTION 7: DISCIPLINARY MATTERS AND OUTCOMES

7.1 Labour Relations matters

7.1.1 One suspension- investigation stage

7.1.2 Two grievances – one closed and lodged with the bargaining council, one resolved

7.2 Disciplinary actions

One (1) disciplinary hearing was held. Matter related to gross negligence.

7.3 Grievances lodged

Two (2) grievances were lodged on salary disparities

7.1 Labour Relations matters

The table below summarises the labour relations cases recorded as at 30 September 2020:

SECTION 8: LEAVE & PRODUCTIVITY MANAGEMENT

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

Due to the national lockdown, employees accumulated a high number of leave which necessitates that we reduce the leave liability in other ways.

HR and Finance are discussing possible measures to be instituted to reduce this liability.

. Overall Company Leave Analysis:

- Due to the COVID-19 and the work from home arrangement, there was no annual leave taken however, sick leave due to self-isolation was taken
- As such there is too little data to analyse

SECTION 9: MARKETING AND COMMUNICATION

This section of the report highlights JOSHCO's performance on Marketing and Communication objectives for the 1st quarter of the 2020/21 financial year. This is one of JOSHCO's strategic management function and an essential part of the organisation's daily operations that are aimed at ensuring well-coordinated and responsive communication as well as effectively managed and engaged stakeholders.

JOSHCO's strategy is to directly engage with internal and external stakeholders to establish collaborative planning that boosts symphonic relations across board. This approach enables JOSHCO stakeholders to express their needs and expectations openly and in a sound manner, meanwhile enhancing the company's positive reputation. This quarter's targets are outlined in the 2020/2021 Business Plan while the Communications Plan entails how the organisation intends enhancing communication to its stakeholders.

The organisation delivered a total of Seven (7) events/ activations that promoted the JOSHCO brand as caring and empathetic. The events were delivered under lockdown levels 3 and 2 - adhering to all restrictions and the health & safety regulations.

9.1. ROLL OUT OF TEMPORARY RELOCATION AREAS:

The City's Department of Housing and JOSHCO delivered the official ground-breaking of the Temporary Relocation Area at Marlboro and Marlboro Gardens on Friday 3, July 2020. This was aimed at relocating residents/families and people living under Covid-19 high risk environments to newly constructed Temporary Relocation Areas" also known as temporary emergency units. The Emergency Housing Programme is being implemented in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002) as a result of the spread of the Covid 19 pandemic.

The Emergency Housing programme is implemented in various conditions including when - residents reside in conditions that pose immediate threats to life, health and safety, such as the pandemic that is currently a challenge.



Fig 1: The City of Joburg Mayor Geoff Makhubo and the MMC of Housing Mlungisi Mabaso breaking ground in Alexandra township for the TAC's

9.2. NO CHILD LEFT BEHIND INITIATIVE:

On the 29th of July 2020, JOSHCO delivered study packs at Turffontein project for children between Grades 0-3. JOSHCO partnered with Newsroom Africa and Boswa Foundation on the No Child Left Behind initiative which works as an aid to facilitate access to some support to keep our youngest tenants learning during the lockdown. The packs included a printed workbook, face mask, pen and pencil, crayons and a e-pap porridge for nutrition. The event was attended by JOSHCO's CEO; CEO for Boswa Foundation and the CEO of Newsroom Africa. The total number of children that registered to receive the packs were 117 and all of them were allocated a pack.

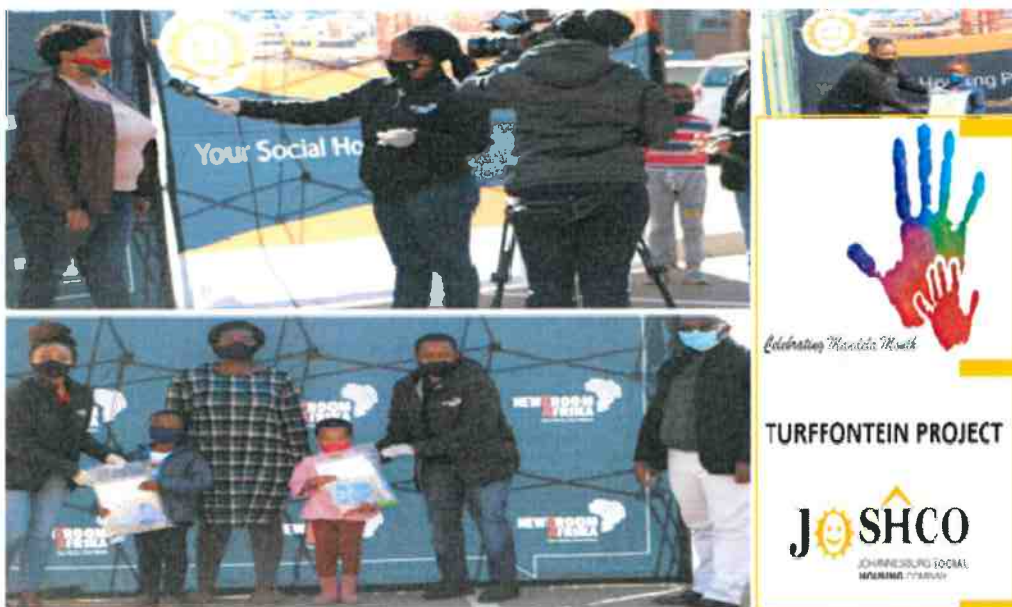


Fig 2: The JOSHCO staff handing over the packs

The 28th of August marked the delivery of the second phase of the initiative which started during level 4 of the lockdown and it is aimed at providing 790 children in their foundation phase of learning across 18 JOSHCO projects. Our tenants fall under some of the City's most economically vulnerable citizens, many whom have not even been able to meet their rental commitments during the Covid-19 pandemic.

9.3. HANDOVER OF NEW UNITS AT NANCEFIELD HOSTEL – SOWETO:

MMC for Housing: Cllr Mlungisi Mabaso alongside the Board Chairperson of JOSHCO: Mr Theodore Dlamini, officially handed over keys to the beneficiaries of the new units in the newly build block of the Nancefield Hostel on the 12th of August 2020. The new units are of high quality and they yield fully furnished and spacious bathrooms, open sitting room, a kitchenette and 2 bedrooms.



Fig 3: The MMC of Housing Mlungisi Mabaso and Board Chairperson Theodore Dhlamini handing over keys at the Nancefield Hostel

9.4. WOMEN'S DAY COMMEMORATION:

The organisation partnered with 18 Area Foundation for donations of food parcels for 40 vulnerable families/tenants as part of this year's Women's Day Commemoration. The initiative is linked to the relief contribution following the Covid-19 pandemic. The initiative was targeted specifically at the older female generation; child-headed households (targeting girls that are taking care of their siblings/families) and people living with disabilities.

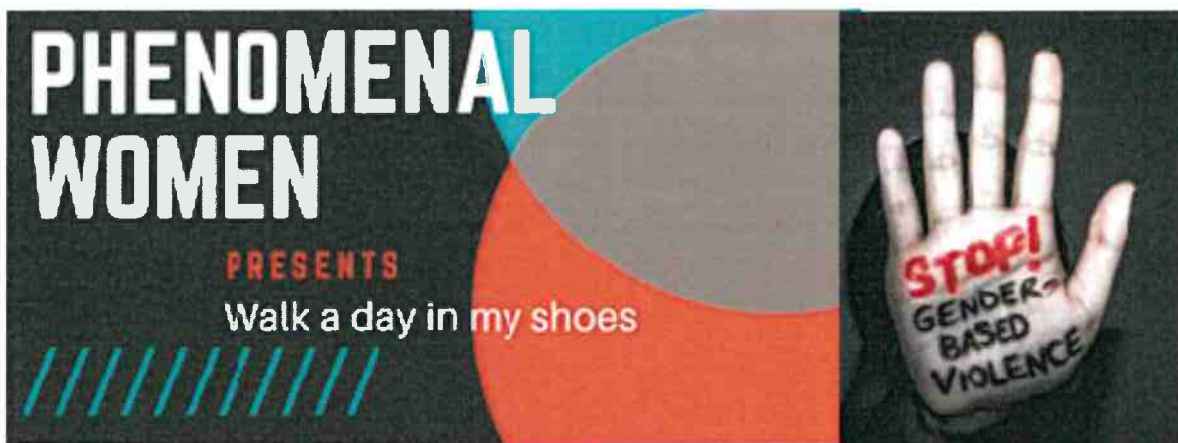


Fig 4: JOSHCO property supervisors handing over the packs for Covid-19 relief

9.5. GENDER BASED VIOLENCE SEMINAR:

Joshco partnered with Phenomenal Women to raise awareness on Gender Based Violence. GBV against women is persistent in social groups in and around the world.

The event focused on educating women and girls about DBV and it examined the meaning of the concept “gender-based violence; the types of violence; where they occur; and who the main victims are. The programme also included victims sharing their personal stories as well sharing information of where victims can get help.



9.6. HERITAGE DAY COMMEMORATION:

JOSHCO heeded to the President’s call to celebrate Heritage Day as a country by celebrating our heritage through dance and music. This will be held on the 25th Of September 2020.

9.10 COMMUNICATION

JOSHCO’s Corporate publications involve managing and orchestrating all internal and external communication aimed at creating favourable relationships with stakeholders on common goals to enhance the organization’s ability to sustain its operations. JOSHCO has since seen an increase in visibility, following and interaction with stakeholders through its social media platforms.

This quarters’ communication focused on keeping staff members updated about the Covid-19 pandemic; regulations and operations; anti-fraud and corruption



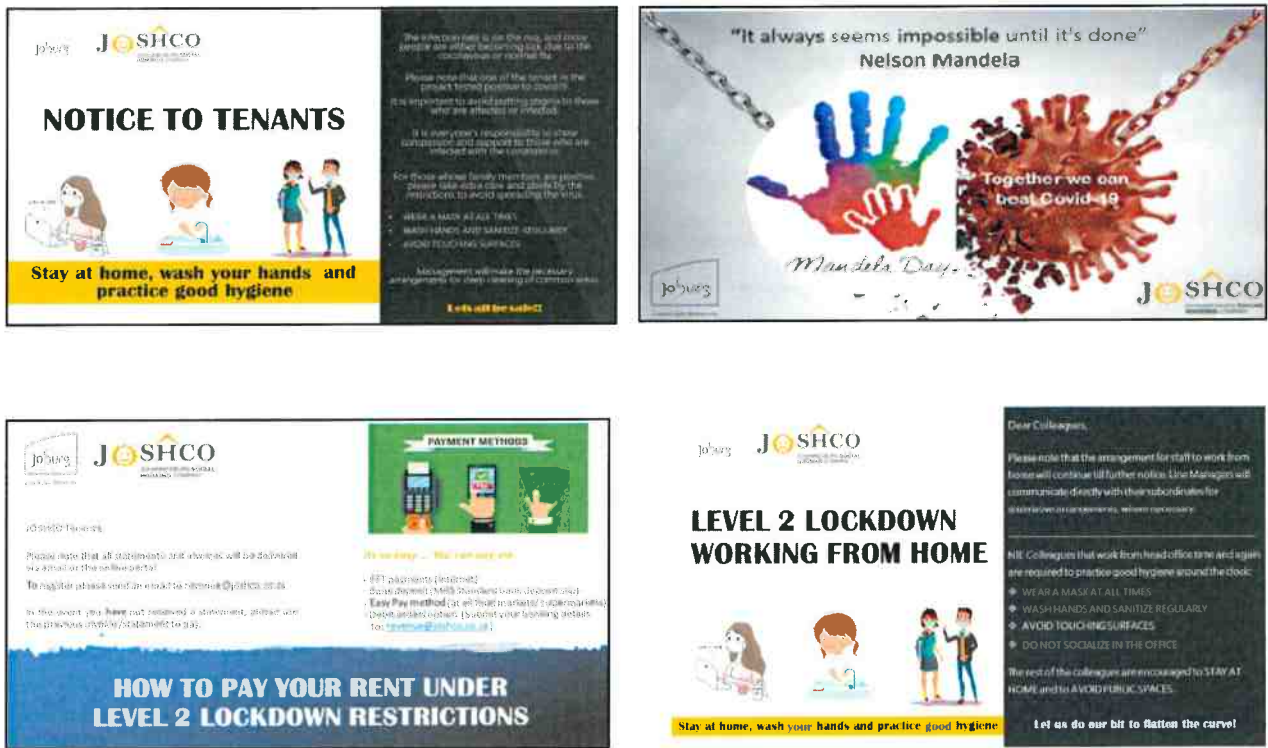


Fig 6: Examples of communication sent to staff at JOSHCO

9.10.1 MEDIA LIAISON AND MONITORING

Press Releases were distributed during this quarter and they were focusing on the establishment of TRAs; the gender based violence event and the handover of units at Nancefield hostel.

Table 34: Summary Media Coverage: July - Sept 2020

Source & Date	Summary of enquiry/ query	Rating	Article Brief
Daily Maverick July 3 2020	Overpopulated Alexandra to benefit from temporary housing project	Positive	<p>The City of Johannesburg is kicking off a R500-million temporary accommodation project as Covid-19 spikes.</p> <p>On Friday, 3 July, the City of Johannesburg launched a R500-million temporary accommodation project in Alexandra amid rapidly increasing Covid-19 infections throughout the city. The City said this project was the first of about six or seven that would be rolled out in densely congested areas such as Diepsloot, Soweto, Zandspruit, Ivory Park and Alexandra. The City said the aim of the project roll-out was to improve the lives of residents living in abject squalor in these congested areas by providing safer conditions to enable residents to adhere to lockdown regulations in response to Covid-19.</p> <p>The site earmarked for the construction of a Temporary Relocation Area at Marlboro and Marlboro Gardens, Alexandra, Johannesburg. (Photo: Gallo Images / Sharon Seretlo).</p> <p>The project comes as the City of Johannesburg has recorded 26,293 Covid-19 cases. Region E, under which Alexandra falls, accounted for more than 4,000 of those by 3 July 2020. The inner city has recorded the highest number of cases so far. The Executive Mayor of Johannesburg Geoffrey Makhubo and MMC for Housing Mlungisi Mabaso at the launch of the construction of the R500m Temporary Relocation Area in Alexandra, Johannesburg on 3 July 2020. (Photo: Gallo Images / Sharon Seretlo).</p> <p>The total cost of the project roll-out will be about R500-million — the cost of each accommodation unit will be R60,000. Johannesburg mayor Geoff Makhubo said the structures will come with fully furnished built-in ablution facilities and sanitary provisions.</p>
Source & Date	Summary of enquiry/ query	Rating	Article Brief

<p>Roodepoort Record Julu 13 2020</p>	<p>Construction team putting local interests first in Princess</p>	<p>Positive</p>	<p>"The pandemic has effected every household in South Africa. We know how important it is to help put bread on the table." Even in the world before the Covid-19 pandemic, two fundamental issues were prominent concerns in our society. Adequate housing and meaningful jobs have been, and may always be, burning issues in communities across the country. Being granted a task that impacts both brings with it a special responsibility. On 1 November 2019, Enza Construction (Pty) Ltd became the temporary custodians of a section of land earmarked for social housing. The site, on the corner of Prosperity and South Roads, forms part of a Johannesburg Social Housing Company (JOSHCO) project that provides over 330 social housing units for the area. Terms and conditions in the contract stipulate that at least 30 per cent of the contract value needs to be spent locally, but Enza Construction is hoping to push past that figure. Site clearance complete at JOSHCO's social housing project in Princess. Photo: Jarryd Westerdale. "We are not looking to cap what we spend on SMMEs," said Michael George, Enza Construction Site Agent. "All our labour is locally sourced and we will consider as much of the local community as possible." The Covid-19 pandemic has put a sizable spanner in the works, hampering not only logistical elements but also employment opportunities. To ensure a fair and impartial procurement process, SMMEs are drawn evenly from each of the surrounding suburbs, but unfortunately their isn't always enough work to go around. "It is challenging to keep everyone happy but as trades open, we will bring contractors in," elaborated Michael. One local SMME ready to begin its work is Aviro Sesbuyile, which will be tasked with completing the external civil engineering portion of the project. "It is important to work together as a community team and embrace the opportunity to grow business in the area," commented the site's Community Liaison Officer, Noluthando Serape. Micheal George, Enza Construction Site Agent. Photo: Jarryd Westerdale. Originally planned as a 19-month project, the delays created by the Covid-19 pandemic have pushed the completion date back to towards the end of 2021. "We are playing catch-up. We want to push production on the job but it's a gradual process," claimed Michael. His primary concern though is for the livelihood of anyone involved, stating, "The pandemic has effected every household in South Africa. We know how important it is to help put bread on the table."</p>
<p>Source & Date</p>	<p>Summary of enquiry/ query</p>	<p>Rating</p>	<p>Article Brief</p>

<p>Engineering News August 12 2020</p>	<p>Boon for city dwellers as Raubex nearing completion of Union Square</p>	<p>Positive</p>	<p>The renewal of Johannesburg's city centre is getting a further boost with the expertise of Raubex Building, part of the Raubex Group's infrastructure division.</p> <p>Work is well underway on the refurbishment of Union Square, a 19-storey block at 80 Plein Street in the heart of Johannesburg's original central business district. The project, scheduled for completion in the last quarter of 2020, is being undertaken for the Johannesburg Social Housing Company (JOSHCO), under principal agent and architect, Heather Dodd from Savage and Dodd Architects. According to Juan Jardim, Raubex Building's senior site manager on this contract, the project involves a number of important innovations – and more than a few challenges.</p> <p>“The building was previously an office block, and is being repurposed for residential use,” says Jardim. “This means the installation of considerably more walling and other infrastructure than the building was initially designed for.”</p> <p>While the ground floor at street level will be used as retail space, the first floor to the 19th floor each accommodates 18 residential units. The range of apartments includes bachelor flats of 19 m2 in size, one-bedroom units of 35 m2, two-bedroom units measuring 43 m2 and four-room communal cluster units of 94 m2. The building is served by two passenger lifts, a service lift and a goods lift, as well as three fire staircases. There are three basements for parking.</p> <p>“Load-bearing considerations led to the selection of the lightweight Imison walling system, achieving a significant weight reduction when compared to bricks and mortar,” he says. The Imison system is applied as a series of interlocking wall panels made from the high quality Neopor insulating material. The panels are installed in a framework that is fixed to the soffit and slab, after which the services such as conduits and pipework are fitted. A mesh is installed over the panels, which are then sprayed on both sides with two layers of a high density fibre-cement called Fibrecote. The final layer is then floated for a smooth finish. A total of 15 500 m2 of Imison panels were used, along with 32 600 m2 of Fibrecote plaster.</p> <p>“The use of this system makes for easier loading, transportation and construction,” Jardim says. “The panels also deliver a high level of soundproofing, and a two-hour fire rating – enhancing the quality of life for residents and improving safety.”</p>
<p>Source & Date</p>	<p>Summary of enquiry/ query</p>	<p>Rating</p>	<p>Article Brief</p>

<p>Citizen August 12 2020</p>	<p>Nancefield families get their homes, after four years of waiting</p>	<p>Positive</p>	<p>After previous inhabitants destroyed the Dube hostel, the family units were rebuilt in four years.</p> <p>A total of ten families were beneficiaries of the newly built units in Nancefield, Soweto. This was done to improve the standard of living for these beneficiaries after previous dwellers demolished the Dube hostel. MMC for housing in the City of Joburg, Mlungisi Mabaso together with Johannesburg Social Housing Company (Joshco) handed over the housing units on Tuesday afternoon to the beneficiaries. Mabaso explained the development was in light of the urgent need to provide the families with dignified shelter because they were living in dire conditions which were a concern, especially during the pandemic.</p> <p>He said he was pleased with the work done by the contractor who rebuilt the demolished units within four years.</p> <p>“The four-roomed rental stock consists of two bedrooms, a lounge, and an open-plan kitchen. The units have ablution, running water and pre-paid electricity. “It’s time that hostels and what they stood for are done away with once and for all and their residents are integrated into broader society to advance social cohesion and nation-building for the good of our City and indeed of our count,” Mabaso said. Mzimushe Ndlovu, who received one of the units, explained he was excited about his new home because he preferred paying what he did at the squatter camp, to the government instead, who built these homes. “I am very happy about receiving a new home; I have been staying in an informal settlement for a long time. “The R500 which I will be paying will go to the government instead of paying for the squatter camp. “R500 is a lot of money which could contribute to building houses for others who are in need, instead of wasting that money on a bad living condition,” Ndlovu said.</p>
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SECTION 10: HEALTH AND SAFETY

3.1. Table 35: JOSHCO staff Incidents statistics

Incident	# of affected employees	Comments
Covid-19 confirmed cases	30	No fatalities reported
Contacts sent for testing	199	

3.2. Maintenance Contractor Management (Safety File)

Bizzy Fire: 15 July 2020 (Head Office 61 Juta Street, Braamfontein)

Fire extinguisher service validated for 2020/2021

3.3. Health and Safety training updates

Security Officers were trained from 13 July to 21 July 2020 on the COVID -19 emergency response and the usage of temperature screening thermometer and a procedure thereof

4. Covid-19 Management Update

When the State of Emergency was proclaimed in March 2020, and the regulations were promulgated, a few adjustments had to be made in the way that business operated.

Under Level 5 of the disaster management process, all employees were locked down at their homes except the essential workers. This meant the cleaners and the security officers all needed to be at work.

Level 4 was then proclaimed after 6 weeks of extremely limited operational functionality. Whilst the essential workers continued working, the head office also had to call in a few employees, which were not more than one third of the workforce within the building.

This meant getting the office Covid-19 ready. Ensuring that there are screening measures for all employees coming into the building, monitoring of employee infections, demarcating the floor and notices for all to see and most importantly, communicating with all the employees and disseminating as much important information about managing this disease as possible.

Majority of the employee infections were experienced during this period. Twenty-two (22) infections were recorded. To curb the spread employees were requested to work from home. This has been the case since July 2020. It proved helpful as the total number as at Sept 2020 has been 30.

Even though the country is on level 1 now, the head office is still not fully open to all employees since the building is going through renovations. This requires that we keep the one third limit of employees in the building. The rotation schedule for each department is therefore report to the City of Joburg periodically, for compliance and management purposes. This state will change as guided by the contractor project plan, which is envisaged to be done by end of December 2020.



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

An analysis of the financial position as at 30 September 2020 is reflected below and in Table 42.

Table 36: Statement of Financial Position for the Quarter ended 30 September 2020

Description	30 September 2020	30 June 2020	Variance	Variance %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	626	346	281	81%
Loans to shareholders	5,958	17,990	(12,032)	-67%
Current tax receivable	50	50	-	100%
Receivables from exchange transactions	296,719	258,889	37,829	15%
VAT receivable	1,178	1,058	120	11%
Cash and cash equivalents	167,539	165,909	1,630	1%
	472,071	444,242	27,828	6%

Description	30 September 2020	30 June 2020	Variance	Variance %
Non-current assets				
Property, plant and equipment	6,142	5,359	783	15%
Intangible assets	431	460	(29)	-6%
Investment in joint venture	23,762	23,762	-	0%
Deferred tax	26,113	26,261	(148)	-1%
Total Non-current assets	56,448	55,842	606	1%
Total Assets	528,518	500,084	28,434	6%
Liabilities				
Current Liabilities				
Loans to shareholder	44,739	-	44,739	100%
Borrowings - DBSA	2,142	2,142	-	0%
Finance lease obligation	498	498	-	0%
Payables from exchange transactions	561,810	587,518	(25,709)	-4%
	609,189	590,159	(25,709)	-4%
Non-Current Liabilities				
Borrowings - DBSA	10,069	11,140	(1,071)	-10%
Finance lease obligation	525	627	(101)	-16%
Deferred Income from non-exchange transactions	178	178	-	0%
	10,773	11,945	(1,172)	-10%
Total Liabilities	619,962	602,103	17,858	3%
Net Assets	(91,443)	(102,019)	10,576	-10%
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(117,766)	(102,019)	(15,746)	15%
Total Net Assets	(117,766)	(102,019)	(15,746)	-100%

1.1 Assets

Current assets have increased by R27.8 million (from R444.2 Million to R472 Million). The significant change is a 15% increase in receivables from exchange transactions as a result of projects executed on behalf of the Department of Housing (Housing) as well as an increase in tenant debtors. Our cash

has also been depleted due to settlement of invoices prior to receipts from Housing and Corporate Asset Management (CAM)* In the current financial year a shorter payment process for Housing and capex claim invoices is being implemented to prevent further strain on our cashflow. There has been no material change in the composition of non-current assets.

*** CAM is the City of Johannesburg department which pays out our capital expenditure allocation claims**

1.2 Liabilities

Included in current liabilities is the current portion of the long-term loan from the DBSA. Current liabilities increased by 4% as a result of an overdraft of R44.7 million incurred due to a delay in settlement of invoices for Housing and CAM.

SECTION 2: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 30 September 2020 is R167.5 million. The tenant deposit account has a balance of R15.3 million. The SHRA account has a balance of R152.2 million.

SECTION 3: CAPITAL PROJECTS AND EXPENDITURE

The organisation has been allocated a budget of R378 million funded from the External Funding Sources (EFF) and Capital Reserves (CRR). In the current financial year, we have the following programmes:

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

As at 30 September 2020 JOSHCO's verified spent was 16% against a target of 15% per the table below.

Table 37: Capex Spend

PROGRAMME	BUDGET ALLOCATION	SPEND TO DATE	BALANCE	% PERFORMANCE AGAINST SPEND
	R'000	R'000	R'000	
Greenfields - Economic Hubs	118,442	8,491	109,951	7%
Greenfields - Turnkey developments	149,950	32,918	117,032	22%
Inner City	85,550	20,164	65,386	24%

Special Projects Programme	24,058	-	24,058	0%
TOTAL	378,000	61,573	316,427	16%

SECTION 4: KEY PERFORMANCE INDICATORS

Table 38 below details the key performance indicators which Finance is responsible for.

Table 38: Finance Key Performance Indicators

KEY PERFORMANCE INDICATOR	2020/21 TARGET	QUARTER 1 TARGET	QUARTER 1 PERFORMANCE	VARIANCE	MITIGATION ACTION
Achievement of selected profitability and liquidity ratios*	Current ratio 1:1	1:1	0.77:1	-0.23	The non-performance of this target is due to continued losses being incurred largely due to a high provision for bad debts and high operating costs. Plans are in place for implementation of the strategies (student accommodation, outdoor advertising, implementation of projects on behalf of other government institutions). These initiatives are ongoing and will be implemented throughout the year.
	Solvency Ratio 1:1	1:1	0.85:1	-0.15	
	Cost Coverage: 50 days	50 days	-59 days	-109	Non-performance is due to low cash balances and an overdraft as at 30 September 2020 as a result of settlement of suppliers prior to receiving claims from the Department of Housing (Housing) and the Corporate Asset Management (CAM) department. The entity needs to shorten the period we are reimbursed by Housing and CAM in order to improve our cash balances. JOSHCO's Finance department is working on a departmental operational plan to review the payment and claim processes. This should be concluded in the second quarter.
	85% collection	85%	58%	-27%	Non-achievement of this target is due to continued

KEY PERFORMANCE INDICATOR	2020/21 TARGET	QUARTER 1 TARGET	QUARTER 1 PERFORMANCE	VARIANCE	MITIGATION ACTION
	in respect of debtors				<p>low rental collection across all projects. We are still seeing the effects of the national lockdown as many tenants have requested an extension to the payment holiday as they are still not getting their full salaries.</p> <p>A debt collecting company has been appointed to assist with collection of all outstanding debt older than 90 days. Contracting was finalised on the 21st of August 2020 and we've handed over two projects from our City Referral Stock portfolio (i.e. Bothlabela & Kliptown Golf Course) where we have the biggest issues with rent payments. Tenants are coming forward to enter into payment arrangements. The second phase of the handover is all tenants who have defaulted on acknowledgement of debt agreements entered into and those who have not entered into any payment arrangement for amounts over 90 days in arrears. These will be done across all projects.</p> <p>We are continuing with implementing our collection processes. Evictions will be executed once regulations allow for evictions to be executed.</p>
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	100%	-	-

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

SECTION 5: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES

Table 39: Statement of financial performance for the quarter ended 30 September 2020

Description	Actual	Budget	Variance	Variance %
	R'000	R'000	R'000	
Rentals Received	40,934	42,217	(1,283)	-3%
Subsidies	4,975	4,975	-	0%
Management Fees	10,270	3,207	7,063	220%
Interest Received	2,252	2,592	(339)	-13%
Utilities	257	177	80	45%
Other Income	-	603	(603)	-100%
Total Revenue	58,688	53,771	4,917	9%
Governance and Staff Costs	(36,935)	(25,515)	(11,420)	45%
Other Project Related Costs	(14,518)	(3,553)	(10,966)	309%
Depreciation and Amortisation	(344)	(358)	13	-4%
Finance Costs	(285)	(384)	99	-26%
Repairs and Maintenance	(5,984)	(13,890)	7,906	-57%
Cleaning and Gardening	(78)	(1,020)	942	-92%
Security	(3,021)	(1,104)	(1,917)	174%
Administrative	(13,270)	(7,948)	(5,321)	67%
Total Expenditure	(74,434)	(53,771)	(20,664)	38%
Operating (Deficit)/Surplus before tax	(15,746)	-	(15,746)	-100%
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(15,746)	-	(15,746)	-100%

5.1 Revenue

The following table shows how the entity's revenue was made up for the quarter ended 30 September 2020:

Table 40: Composition of revenue

Revenue	Actual	Budget	Weighting %
	R'000	R'000	
Rentals Received	40,934	42,217	70%
Subsidies	4,975	4,975	8%
Management Fees	10,270	3,207	17%
Interest Received	2,252	2,592	4%
Utilities	257	177	0.4%
Other Income	-	603	0%
Total Revenue	58,688	53,771	100%

JOSHCO's rental facilities contributed 70% towards total revenue. Total revenue is 3% above budget (R4.9 million). The main reason is due to a 220% increase in management fees claimed from Housing

projects. Rentals received are 3% lower than anticipated due to a lower than anticipated occupancy rate for some of our projects year to date. JOSHCO has collected 58% of current rentals against a collection target for the 2020/21 financial year of 85%.

Table 41: Revenue Collection

PORTFOLIO	% COLLECTION	REASONS FOR UNDER PERFORMANCE
Brownfields	59%	Covid-19 payment holiday, job & income losses. Payments from COJ and COJ entities' staff to be affected on the 27 th , as we collect in arrears.
Greenfields	68%	
Former Hostels	89%	
City Referral Stock	-8%	Demand for ownership on the rise. Tenants stopped paying rent after 4 years & demand to take ownership of the units.
Retail Space	56%	Have not been trading due to lockdown, requested 40% rent cut for the period of lockdown.
OVERALL COLLECTION	57%	

5.2 Expenditure

Several expenditure items are over budget as indicated in Section 5.2. The main contributing factor is that we do not generate sufficient income to support our fixed expenses (e.g. staff costs and utilities). The shareholder needs to be engaged to increase our subsidy and the 3% management fee we currently charge for execution of projects. We also have a low collection rate and mitigation and reasons have been provided in Section 4: Key Performance Indicators.

For all other non-fixed expenses, a cost containment policy will be finalised by mid-year in 2020/21 which will provide guidance on how costs will be minimised.

Analysis of significant variances between actual and budget:

g) Governance and Staff costs

- 45% above budget (R11.4 million) due to a higher wage bill than budgeted as a result of insourced security guards not fully budgeted due to constraints on the budget.

h) Other project related costs

- 309% above budget (R11 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 58% which is significantly influenced by the national lockdown.

i) Repairs and maintenance

- 57% below budget (R7.9 million) due to a slow implementation of the maintenance programme for the quarter under review.

j) Cleaning and Gardening

- 92% below budget (R942 000) due to a delay in finalising the tender for garden tools where budget was allocated for the operational costs of the tools from this quarter.

k) Security

- 174% over budget (R1.9 Million) due to the need for additional outsourced securities.

l) Administrative

- 67% over budget (R5.3 Million) due to inadequate budget being available to allocate to municipal charges due to constraints on the budget.

SECTION 6: SUPPLY CHAIN MANAGEMENT AND BLACK ECONOMIC EMPOWERMENT

6.1 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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

TABLE 42: Expenditure by sourcing process (Nature):

a) Total Expenditure		
Nature of expenditure	Quarter 1 R'000	% of total expenditure
Capital Expenditure	302 633	90%
Operational Expenditure	27 933	10%
Total Expenditure	330 566	100%

b) Capital Expenditure		
Nature of expenditure	Quarter 1 R'000	% of Capex expenditure
Professional Consultants	82 460	30%
Contractor Payments	220 173	70%
Total Expenditure	302 633	100%

c) Operational Expenditure		
Nature of expenditure	Quarter 1 R'000	% Spend
Procurement <R200 000	271	1%
Cleaning and Gardening	0.00	0%
Directors Remuneration-Board and Comm	436	2%
Operational Expenditure	7 821	28%
Security Services – Housing Management	3 977	14%
Security Services – Housing Development	940	3%
Repairs and Maintenance	14 488	52%
Total	27 933	100%

6.2 DEVIATIONS ON SCM

The table below details approved deviations in the period under review:

Table 43: Approved deviations for the quarter

Name of tender	User Department	Reason	Supplier Name	Approval date	Original PO Amount	Adjusted PO Amount
RASCH/001/2020	Housing Management	Emergency: Non-obtainment of three or more response (quote). One of our projects with a 100% collection, Raschers experienced a power failure and an emergency generator had to be procured.	Big O Engineering	19/08/2020	R 338 100.00	N/A

Name of tender	User Department	Reason	Supplier Name	Approval date	Original PO Amount	Adjusted PO Amount
		Procurement was done within the approved panel of maintenance contractors.				
RFQ: Urgent Microsoft exchanger to do configuration	IT	<p>Extension of scope due to emergency</p> <p>Whilst the service provider was on site, they discovered that the clients email not backed up and server needed minor repairs before they can configure Microsoft outlook.</p> <p>The deviation is to request to appoint the same service provider without following SCM process of obtaining 3 new quotes for new specification in order to fast track the server repair.</p>	Dikatshe Consulting	03/09/2020	R 30 590.00	R 73 340.00

6.3 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

The table below details approved variation orders for the period under review:

Table 44: Approved variation orders for the quarter

Name of Tender	User Department	Reason	Supplier name	Approval Date	Original PO Amount	Variation Amount	Variation %
NONE							

6.5 ACHIEVEMENT ON BBBEE

JOSHCO promotes black economic empowerment by spending on at least 51% black owned companies as detailed in Table 45 below.

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

Period	Total OPEX from procurement R'000	OPEX to at least 51% black owned companies R'000	% Spend for the period
Quarter 1	27 933	26 153	90%
Period	Total CAPEX from procurement activities R'000	CAPEX to at least 51% black owned companies R'000	% Spend for the period
Quarter 1	302 633	255 297	80%

6.6 REPORT IN IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There was no irregular expenditure incurred during quarter 1

SECTION 7: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Table 46: Government departments' accounts

Name of department	Amounts owed/(owing) R'000	Account status
City of Johannesburg: Sweeping account	(44,739)	Current
City of Johannesburg: Treasury	5,958	60 days overdue
City of Johannesburg: Finance	(1,531)	60 days overdue
City of Johannesburg: Housing	130,264	60 days overdue
City of Johannesburg: City Power	7,623	90 days overdue
City of Johannesburg: CAM	93,262	90 days overdue
Gauteng Department of Human Settlements	15,969	180 days overdue
Total	232,188.62	

CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

The organisation has appointed an internal audit manager who resumed their duties in the last quarter of the previous financial year. To date the focus of the internal audit function was largely based on undertaking a follow-up audit to determine the number of findings that have been resolved by management. Furthermore, the focus was also on the review of financial statements and performance evidence related to the year ended 30 June 2020 in preparation of the year end external audit.

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

The table below contains progress made in closing internal audit. The reported number of resolved findings does not include findings that have not yet verified by internal audit. As such the percentage is significantly low.

Table 47: Audit findings raised by Internal Audit as at 30 September 2020

Current Year: 2019/20			
FY	Findings Raised	Resolved	% Resolved
Internal Audit findings	54	15	28%
Total	54	15	28%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISE BETWEEN FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION)

The Audit-General completed its 2018/2019 audit in November 2019, and a total of 28 findings were raised during the audit. 22 of the findings raised have been addressed as at the end of first quarter.

Table 48: Audit findings raised by Auditor General as at 30 September 2020

Audited Year: 2019/20			
FY	Findings Raised	Resolved	% Resolved
Findings Raised during 2017/18 Audit	28	22	79%
Total	28	22	79%

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

In the first quarter of 2020/2021 financial year, Internal Audit completed two (2) full audits and three (3) continuous audits. The full audits conducted are Housing Development Audit and Leasing Management Audit. The findings raised in the Housing Development Audit indicate that management controls are adequate but ineffective to provide reasonable assurance that the company's objectives will be achieved. In contrast, the findings raised for the Leasing Management Audit indicate that the controls are inadequate and ineffective. In the assessment of the general controls of the organization, Internal Audit concluded that controls are Inadequate and Ineffective; this is based on the follow-up of previous findings that was performed.

