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Q2 QUARTERLY PERFORMANCE REPORT 2023/24

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



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

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

Registration number : 2003/008063/07

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Braamfontein

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Bankers : Standard Bank of SA Limited

Auditors : Auditor-General

Approval:

<p><u>Nontobeko Ndimande</u> Name & Surname Chief Financial Officer</p> <p> Signature</p>	<p>Date of Approval: <u>18 January 2024</u></p>
<p><u>Bongani Radebe</u> Name & Surname Acting Chief Executive Officer</p> <p> Signature</p>	<p>Date of Approval: <u>18 January 2024</u></p>
<p><u>Sesupo Bridgette Mbonambi</u> Name & Surname Chairperson of the Board</p> <p> Signature</p>	<p>Date of Approval: <u>22 January 2024</u></p>
<p><u>Anthea Leitch</u> Name & Surname Member of Mayoral Committee</p> <p> Signature</p>	<p>Date of Approval: <u>7 February 2024</u></p>

ABBREVIATIONS

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

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CHAPTER 1

LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CHAIRPERSON'S FOREWARD

As we reflect on the second quarter of the 2023/24 financial year, I am feeling confident that JOSHCO is a company on the up. It is evident that our collective efforts that we have made meaningful progress in our mission to provide sustainable, social and affordable housing solutions for the citizens of the City of Gold.

While many other state-owned companies and departments regularly struggle to spend their budgets, JOSHCO nearly achieved its 50% target for capex spending at the mid-year point. This reassures myself and the board that we will be on track to reach our spending goals before the end of the year and perhaps be considered for receiving a greater share of the City of Johannesburg's budget in an era of cutbacks, rationing and major rebasing. This is an important goal, since JOSHCO's core business of providing affordable rentals through various subsidised housing projects is incredibly important. We dare not lose sight of that goal.

Our commitment to social housing is a commitment to social justice and the realisation of fundamental human rights. We recognise the profound impact that secure and affordable housing has on individuals, families, and the broader community. Through strategic partnerships, innovative approaches, and a relentless pursuit of excellence, we must continue to make significant strides in addressing the pressing housing needs of Johannesburg's diverse population. The recent drive to improve collections by being tougher on defaulting tenants should also be understood in this context. This is because some might argue that being tougher on defaulters is a sign of lacking compassion in these tough economic times. However, I don't share that view since the opportunity to live in social and affordable housing schemes is a privilege and not a right. It is a privilege effectively denied to so many other people if people continue to benefit from subsidised housing without paying their share. It is unfair on the many others who would only too gladly pay their rentals on time to benefit from the many perks that come with access to a JOSHCO housing project. Worst of all, those who do not pay their rent make it harder for JOSHCO to perform essential maintenance and upgrades on existing projects and invest in future projects. By being tough, we are in fact being compassionate to those who deserve it most, both now and in the future. I would therefore encourage the JOSHCO team to continue the positive trajectory.

The board is also excited by new projects in the pipeline and the fact that fresh initiatives such as student accommodation are proving to be so promising. Mid-year is a time to take stock and reallocate our money and efforts according to what needs it most. We have much to look back on in the first half of the year to take courage from and be proud of. Let us redouble our efforts to end the year more strongly than ever before. In closing, I extend my gratitude to everyone who has contributed to the growth of JOSHCO. Let us build communities that serve as beacons of hope and progress, ensuring a brighter and more inclusive future for all Johannesburg's residents."

Ms Sesupo Bridgette Mbonambi

Board Chairperson

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

The Business Plan for 2023–2024 outlines 22 key performance metrics and targets, of which 12 were successfully achieved during the quarter, resulting in a 57% overall outcome. Despite the challenges faced in this short quarter, our dedicated staff worked tirelessly to ensure the realisation of key indicators.

In the second quarter, our organisation exceeded expectations by developing 257 housing units without services, surpassing the target of 225 units. Notably, we achieved a remarkable 24.27% SMME expenditure in the Quarter and generated 791 EPWP work opportunities, exceeding the set target of 320 for quarter 2. Our projects maintained an impressive 98% occupancy rate, meeting the requirements set by the Social Housing Regulator (SHRA). Furthermore, we successfully attained all seven service level standards (SLS), with building maintenance completing a total of 1,062 reactive maintenance jobs across portfolios A, B, C, D, and E. The achieved response rate of 100% for jobs logged and completed within 14 days surpassed the SLS target of 96%.

I am delighted to report a significant improvement in revenue collection, reaching 72% across our projects. Various strategies implemented to enhance collection have yielded positive results. Standardising rentals has contributed to increased customer satisfaction, mitigating stakeholder dissatisfaction through typology-based rental structures that promote harmony in the projects that resulted in improved collection.

Looking ahead, we are optimistic about meeting our key performance indicators, backed by attainable remedial actions that will propel positive strides in our performance. Aligned with the Joburg 2040 Growth and Development Strategy, our commitment to developing and managing social and affordable housing falls under "Outcome 2: Provide a resilient, liveable, and sustainable urban environment - underpinned by smart infrastructure supportive of a low-carbon economy." JOSHCO is focused on enhancing its performance by ensuring targeted delivery of units over the next two quarters. This strategic approach positions us to make significant contributions to our growth and development objectives.

Mr Bongani Radebe

Acting Chief Executive Officer

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT

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

Revenue Report

The biggest contributor to revenue is rental income making up 50% of total revenue. Total revenue is 25% (R43,8 million) below budget. Rental income is 33% below budget due to the tariff alignment that was undertaken and delays in tenanting of projects. Management fees are under budget due to a reduction in projects on behalf of other departments. Interest income makes up 12% of revenue and is mainly from overdue accounts from tenants.

The entity's collection rate is on an upward trajectory. There is an increase from 68% in the first quarter to 72% in the quarter under review. Collections in respect of SHRA funded projects is 64%, CoJ funded projects collection is 81%, and retail space collection is 142%. The city stock remains low at 45% for the quarter ending 31 December 2023. The improvement in rental collection is as a result of the revenue turnaround strategies which are being implemented and the receipt of rental relief funds from the SHRA due to the heavy financial burden experienced by tenants as a result of the effects of COVID-19.

The reasons for the rental collection being below the target is continued rent boycott campaigns from organised tenants' groups demanding ownership, child-headed households, unemployment, and pensioners. The City referral stock portfolio brings and the collection down and the board has approved for the return of city referral stock to the City. Once this is approved by council it will have a positive impact on the collection rate.

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 December 2023 resulted in a deficit of R303.5 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget. The reasons and mitigations are addressed in Chapter 5.

CAPEX Expenditure

The entity has an allocated capital budget of R492,3 million funded from external funding sources and cash reserves. As at 31 December 2023 JOSHCO's verified spent for the quarter under review is 48% against a target of 50%.

Ms Nontobeko Ndimande
Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



Figure 1: Princess Plot

The Johannesburg Social Housing Company (JOSHCO) was established by the City of Johannesburg (CoJ) in November 2003 to provide affordable social housing options and reduce the City's housing backlog. JOSHCO is responsible for managing and providing social and affordable rental housing for households of various income levels, with a particular focus on low-income households. The entity is also responsible for the maintenance, refurbishment, and management of some of the City-owned rental housing stock, as well as the provision of municipal services. JOSHCO is a registered social housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The entity is required to comply with all relevant legislation, including the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA), and Companies Act. The policies and strategies of JOSHCO reflect the vision of the CoJ, as outlined in its long-term plans.

SECTION 5: STRATEGIC OBJECTIVES

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

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

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

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

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

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

CHAPTER 2

GOVERNANCE

SECTION 1: BOARD OF DIRECTORS

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

The shareholder retains the prerogative to appoint boards of all City entities through a resolution of the Annual General Meeting (AGM). The Board of Directors of JOSHCO is presided over by a Non-Executive Director (Chairperson), Ms. Bridgette Mbonambi, who was appointed by a resolution of the AGM which was held on 25 August 2023. Table 1 below lists the twelve Non-Executive Directors, two Executive Directors and three Independent Audit Committee members.

Member(s)	Capacity	Gender	Status	Qualifications
Mr Sydney James (Board Chairperson) *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q1 of the 23/24 FY]	Programme in Financial Management, Diploma in Business Management, Master of Business Administration.
Ms Marilise Francis *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q1 of the 23/24 FY]	Bachelor of Arts in Behavioural Sciences
Ms Sesupo Bridgette Mbonambi (Board Chairperson) *Appointed on 25 August 2023	Non-Executive Director	F	Active	Bachelor of Arts Degree - 2016 (Industrial Psychology and Political Sciences)
Mr Henry Jerry Markus *Appointed on 25 August 2023	Non-Executive Director	M	Active	Certificate in Public Relations Practice - PRISA Certificate in Small Business Management - WITS Certificate Bookkeeping – WITS Certificate in Customer Service – Prime Learning South Africa Diploma in Pastoral Theology – Nazarene Theological Seminary Graduate Diploma of Christian Ministry & Theology – Vision Intl. College

Mr Ingle Singh *Appointed on 25 August 2023	Non-Executive Director	M	Active	Certificate in bookkeeping Introduction to municipal councillor 2011
Mr Makhate Shane Nqakalatsane *Appointed on 25 August 2023	Non-Executive Director	M	Active	
Mr Simon Clarke *Appointed on 01 March 2023	Non-Executive Director	M	Active	BA degree in Psychology
Ms Yolandi Eramsus *Appointed on 01 March 2023	Non-Executive Director	F	Active	LLB
Mr Simon Masemola *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Commerce, Certificate in Business Accounting
Mr Tabane Manene *Appointed on 01 March 2023	Non-Executive Director	M	Active	Diploma in Local Government, National Diploma in Law, Programme in Customer Service
Mr Andries Smith *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor Of Laws
Mr Terry Tselane *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Arts in Industrial Sociology
Mr Jacques Watson *Appointed on 01 March 2023	Non-Executive Director	M	Resigned [Q2 of the 23/24 FY]	BSC in Computer Science
Ms Simphiwe Mnisi *Appointed on 01 March 2023	Non-Executive Director	F	Active	Diploma in Project Management
Ms Jacelyn Scott *Appointed on 01 March 2023	Non-Executive Director	F	Active	National Senior Certificate (Matric) Bcom Management Bcom Honours (Candidate)
Mr Molapane Mothotoana	Executive Director (CEO)	M	Active	N. Diploma Municipal Administration, B Tech. Public Management, M Tech. Public Management
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Active	CA (SA)

Mr Bongani Radebe	Executive Director (Acting CEO)	M	Active	Senior Management Development Programme Postgraduate Diploma in Management (Security) Baccalaures Iuris (B IURIS) MFMA Diploma in Criminal Justice & Forensic Investigations Degree Master of Management
Independent Audit Members				
Adv Geraldene Chaplog-Louw *Appointed on 01 March 2023	Independent Audit Committee Member	F	Active	LLB BA PPEL (Philosophy, Political Science, Economics, Law) Diploma Corporate Governance Associate General Accountant (SAICA) ACG/ACIS Associated Chartered Governance/Chartered Secretary
Mr Victor van der Merwe *Appointed on 01 March 2023	Independent Audit Committee Member	M	Active	National Certificate in Insurance
Ms Pilekile Boloto Lefothe *Appointed on 01 March 2023	Independent Audit Committee Member	F	Resigned [Q2 of the 23/24 FY]	National Senior Certificate
Mr Aboubakr Taoussi *Appointed on 01 March 2023	Independent Audit Committee Member	M	Deceased [passed on in Q1 of 23/24 FY]	National Diploma

*Mr. Jacques Watson resigned as a Director of the JOSHCO Board effective from 10 October 2023.

*Ms Pilekile Lefothe resigned as an independent Audit Committee Member effective from 14 December 2023.

1.1. DUTIES OF THE BOARD AND COMMITTEES

1.1.1 Board Responsibilities

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

- Acting as the focal point for, and custodian of corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company according to sound corporate governance principles.
- Appreciating that strategy, risk, performance and sustainability are inseparable and to give effect to this by:

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

1.1.2 Responsibilities of the Board Committees

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

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

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

1.1.2.1 Audit & Risk Committee

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

The Committee consist of the following members: -

Audit & Risk Committee from 1 March 2023

Mr Tau Masemola	Non-Executive Director (Chairperson)
Ms Yolandi Erasmus	Non-Executive Director
*Mr Shane Nqakalatsane	Non-Executive Director
Ms Geraldine Chaplog-Louw	Independent Audit Committee Member
Ms Pilekile Lefothe	Independent Audit Committee Member
Mr Victor Van Der Merwe	Independent Audit Committee Member

***Appointed to the Committee on 18 October 2023**

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

- Financial reporting and reliability of financial information.
- Business planning and budget implementation.
- Identification of financial, business and operational risk areas of the company to be covered in the scope of internal and external audits.
- Ensuring that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship of the company with the Auditor General of South Africa.
- Reviewing the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg.
- Reviewing the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible wrongdoing or improprieties in financial reporting and other matters.
- Monitoring and review of the performance information provided by the company against the approved business plan, the City's Integrated Development Plan and the Growth and Development Strategy and providing the Board of Directors with an authoritative and credible view of the performance of the company.
- Monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.
- Ensuring that risk management assessments are performed on a continuous basis.
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.

- Expressing a formal opinion on the effectiveness of the system and process of risk management; and
- Reviewing reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

1.1.2.2 Social, Ethics & Human Resource Committee

The Committee consists of the following members: -

Social, Ethics & HR Committee from 1 March 2023

Ms Yolandi Erasmus	Non-Executive Director (Chairperson)
Mr Tau Masemola	Non-Executive Director
Ms Simphiwe Mnisi	Non-Executive Director
Ms Jacelyn Scott	Non-Executive Director
Mr Andre Smith	Non-Executive Director
Mr Terry Tselane	Non-Executive Director

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

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

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

1.1.2.3 Development Committee

The Committee consists of the following members:

Development Committee from 1 March 2023

Mr Simon Clarke Non-Executive Director (Chairperson)

*Mr Henry Markus Non-Executive Director

Mr Manene Tabane Non-Executive Director

*Mr Ingle Singh Non-Executive Director

***Appointed to the Committee on 18 October 2023**

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

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

1.3 BOARD AND COMMITTEE MEETING ATTENDANCES

1.1. BOARD AND COMMITTEE MEETINGS ATTENDANCES

- a) The Board held three (3) meetings in Q2 of 2023/24 FY (Ordinary Board Meeting – 19 October 2023, Special Board Meeting 30 November 2023 and Special Board Meeting – 22 December 2023).
- b) The Audit and Risk committee held Two (2) ARC meetings (Ordinary ARC meeting -7 October 2023, Special ARC Meeting - 27 November 2023).
- c) One (1) SEHRC Meetings (Ordinary SHERC Meeting – 16 October 2023).

- d) One (1) Development Committee meetings (Ordinary Development Committee Meeting-19 October 2023).

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

Table 2: Board Meeting attendances as at 31 December 2023

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	3		
Ms Sesupo Bridgette Mbonambi	*3	0	0
Mr Simon Clarke	3	0	0
Ms Yolandi Erasmus	3	0	0
Mr Tau Masemola	3	0	0
Mr Tabane Manene	3	0	0
Ms Simphiwe Mnisi	3	0	0
Mr Henry Markus	3	0	0
Mr Makhate Shane Nqakalatsane	3	0	0
Mr Ingle Singh	3	0	0
Ms Jacelyn Scott	3	0	0
Mr Andre Smith	3	0	0
Mr Terry Tselane	3	0	1
*Mr Jaques Watson	0	0	0
Mr Molapane Mothotoana	0	0	0
Ms Nontobeko Ndimande	2	0	(in-committee)
Mr Bongani Radebe (Acting CEO)	3	0	0

Table 3: Board Committee Meetings attendances as at 31 December 2023

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	2			1			1		
Mr Molapane Sello Mothotoana (CEO)	0	0	0	0	0	0	0	0	0
Ms Nontobeko Ndimande (CFO)	2	0	0	1	0	0	1	0	0
Mr Bongani Radebe (Acting CEO)	2	0	0	1	0	0	1	0	0
Ms Sesupo Bridgette Mbonambi	-	-	-	-	-	-	-	-	-
Mr Simon Clarke	-	-	-	1	0	0	-	-	-

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Ms Yolandi Erasmus	2	0	0	-	-	-	1	0	0
Mr Tau Masemola	2	0	0	-	-	-	1	0	0
Mr Tabane Manene	-	-	-	1	0	0	-	-	-
Ms Simphiwe Mnisi	-	-	-	-	-	-	1	0	0
Mr Henry Markus	-	-	-	1	0	0	-	-	-
Mr Makhate Shane Nqakalatsane	2	0	0	-	-	-	-	-	-
Mr Ingle Singh	-	-	-	1	0	0	-	-	-
Ms Jacelyn Scott	-	-	-	-	-	-	1	0	0
Mr Andre Smith	-	-	-	-	-	-	1	0	0
Mr Terry Tselane	-	-	-	-	-	-	1	0	0
*Mr Jaques Watson	0	0	0	0	0	0	-	-	-
Adv Geraldine Chaplog-Louw	2	0	0	-	-	-	-	-	-
Ms Pilekile Lefothe	2	0	0	-	-	-	-	-	-
Mr Victor Van Der Merwe	2	0	0	-	-	-	-	-	-

1.4 REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors, and Independent Audit Committees of 2021 FY. Remuneration reflects figures from the Q2 of the FY 2023/24.

Table 4: Board of Directors Remuneration as at 31 December 2023

Name	Designation	Remuneration
Ms Sesupo Bridgette Mbonambi	Non-Executive Director	*R80 000.00
Mr Simon Clarke	Non-Executive Director	*R34 000.00
Ms Yolandi Erasmus	Non-Executive Director	*R74 000.00
Mr Tau Masemola	Non-Executive Director	*R110 000.00
Mr Tabane Manene	Non-Executive Director	R44 000.00
Ms Simphiwe Mnisi	Non-Executive Director	R44 000.00
Mr Henry Markus	Non-Executive Director	R44 000.00
Mr Makhate Shane Nqakalatsane	Non-Executive Director	R44 000.00
Mr Ingle Singh	Non-Executive Director	R44 000.00

Ms Jacelyn Scott	Non-Executive Director	R44 000.00
Mr Andre Smith	Non-Executive Director	R44 000.00
Mr Terry Tselane	Non-Executive Director	R44 000.00
Mr Jaques Watson	Non-Executive Director	R0.00
Total		R650,000.00

*fees include ARC sittings and Group Committee sittings

Table 5: Independent Audit and Risk Committee members' remuneration as at 31 December 2023.

Name	Designation	Remuneration
Adv Geraldine Chaplog-Louw	Independent Audit Member	*R 28 000.00
Ms Pilekile Lefothe	Independent Audit Member	R16 000.00
Mr Victor Van Der Merwe	Independent Audit Member	R16 000.00
Total		R60,000.00

Table 6: Executive Management remuneration as at 31 December 2023

Name	Designation	Remuneration
Mr Molapane Mothotoana	Chief Executive Officer	R 716 666, 68
Ms Nontobeko Ndimande	Chief Financial Officer	R 716 135, 00
Ms Nokwazi Mtshali	EM: Corporate Services	R 716 135, 00
Mr Themba Mathibe	Chief Operations Officer	R 716 135, 00
Total		R 2 865 071, 68

1.5 COMPANY SECRETARIAL FUNCTION

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

SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

This diagram demonstrates how the core business of JOSHCO feeds into the different divisions/departments within the organisation. JOSHCO's core business comprises of two departments namely: 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, planning and strategy and corporate services.

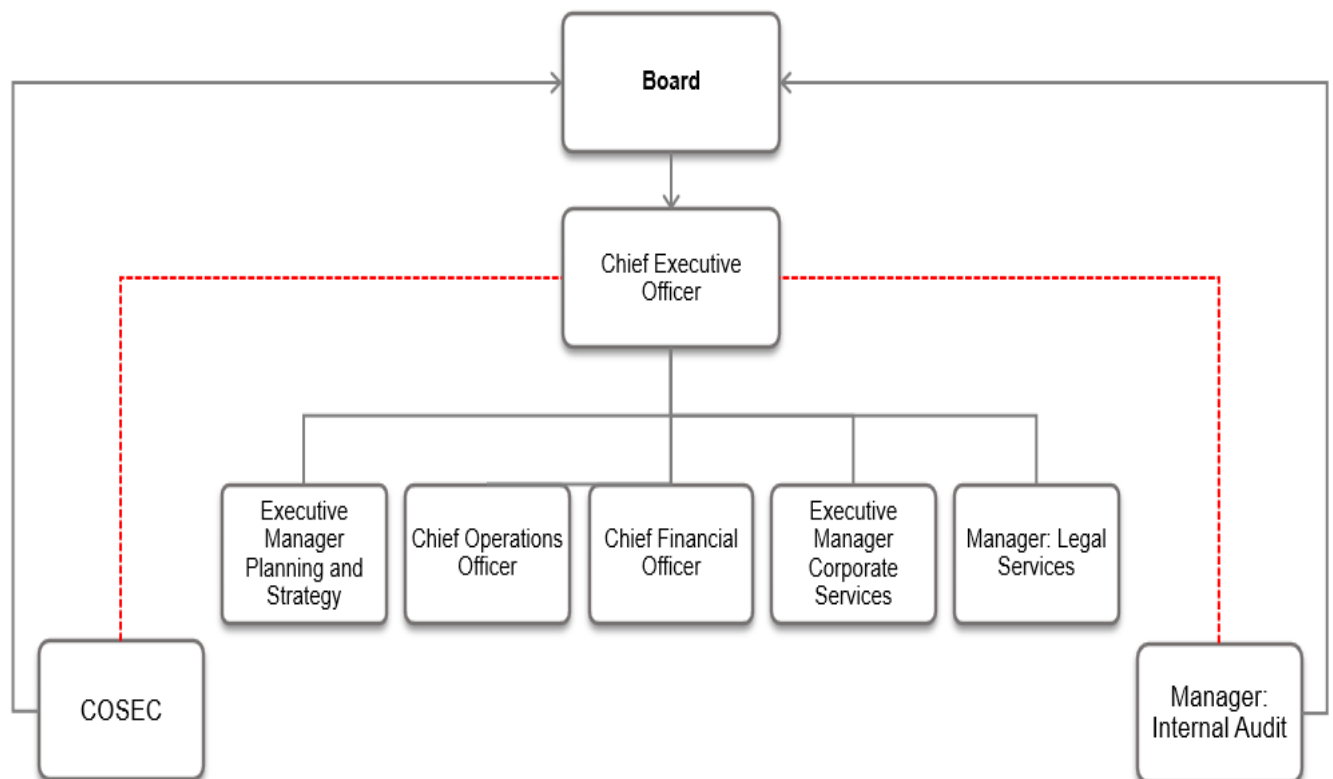


Figure 2: High-level Organisational Structure

SECTION 3: RISK MANAGEMENT

JOSHCO has established and maintains a system of risk management in accordance with Section 95 of the MFMA, Principle 11 of the King IV report on Corporate Governance, and the City's Group Risk Management framework and Risk Management Standards as applicable. Internally the entity has a Risk Strategy and Policy which were approved in 2022. Oversight over the governance and management of risk in JOSHCO is carried out by ARC which is the statutory Committee of the Board of Directors. The Committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with the terms of reference approved by the Board.

3.1. RISK ESCALATION METHODOLOGY

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

3.2. JOSHCO TOP 5 RISKS: RESIDUAL RISK AS AT 31 DECEMBER 2023





Top 5 Residual Risk Rating			
Risk No	Risk Description	Residual Risk 30 Sept 2023	Residual Rating (Q1)
1	Inability to continue as a going concern.	Very High	Very High
2	Failure to deliver capital projects on time.	High	Medium
3	Health, safety and security incidents in JOSHCO projects.	Very High	High
4	Business interruption.	High	Medium
5	Aging infrastructure.	High	High

During the quarter under review, the Risk and Compliance department reviewed the top five risks to reflect the organisation's core business strategic risks.

3.3. RISK OVERSIGHT

The overall oversight role of risk management is vested with the Board of Directors in that the Board is required by Principle 11 of the King IV Report on Corporate Governance to govern risk in a way that supports the organisation in setting and achieving strategic objectives. To that end, each strategic objective is assessed to identify risks that threatens their achievement. In exercising the risk governance responsibility, the risk control implementation plans were assessed in the quarter. The table below reflects the results of the risk control strategies implemented in the quarter in aiding the achievement of objectives. Furthermore, an internal Operational Risk and Compliance Committee has continued to deliberate on the implementation of mitigation controls to ensure that the risks are managed and reduced.

Legends:

	Residual risk is extremely high (EH)
	Residual risk is high (H)
	Residual risk is moderate (M)
	Residual risk is low (L)

The following legends are applied to denote the progress of risk mitigation.







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

Table 8: Progress in the Implementation of Strategic Risks Mitigation Controls as at 31 December 2023


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q2					
1.	Financial Instability	Inability to continue as a going concern.	VH	VH	% Collection in respect of current debt.	1. All leases and lease renewals to enforce debit order payment method (Debit Check).	<p>1.1 98% Lease Agreements for inner-city projects have been renewed. Rental alignment was introduced during the quarter under review to encourage renewals and as a result tenants benefited from the rental alignment process introduced.</p> <p>Automatic month to month lease agreement renewals will be implemented for all tenants who failed to honour the rental renewal invitations.</p> <p>1.2 User training on debit order payment (Debit Check) will be conducted in Q3 once the MRI software development has been completed.</p>		8/11
						2. Development of an APP (Online acknowledge of debt process and Online payment gateway).	2.1 Phase one (1) of the E-Lease online APP went live on 15th September 2023 and it is now fully operational.		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
							2.2 Development of phase two (2) E-Lease online APP will commence in Q3.		
						3.1 Interest freezing and reversal promotion to be promoted to tenants. 3.2 Standardisation of rental tariffs.	3.1 Acknowledgement of Debt signed, and late payment charges reversed and frozen for those who signed Stop Orders. 3.2 All tariffs have been standardised and set according to the typologies instead of the unit sizes.		
						4.1 Stakeholder engagements before executing eviction orders. 4.2 Enforcement of eviction orders.	4.1 An extensive Tenant Engagement Plan is in place and monitored on monthly basis. 4.2 There is a total of nineteen (19) court orders for evictions that need to be executed. Six (6) of these evictions were obtained in the quarter under review. No evictions were executed in Q2 due to challenges with securing availability of sheriffs and SAPS. The planned evictions will be executed		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
							<p>during January and February 2024.</p> <p>A verification exercise will be conducted by Housing Management Department to verify and confirm whether the tenants affected by the eviction orders are still in the units or have not settled their accounts. The exercise will assist in preventing wasteful expenditure on sheriff's fees.</p>		
						<p>5.1 Implementation of check meter devices and installation of smart meters to read and submit water consumption linked to each unit.</p> <p>5.2 Appointment of dedicated staff for utility management.</p>	<p>5.1 Standard water charges of R53 per unit and R26 for communes have been implemented and being charged to all residential tenants. A service provider has been appointed to inspect and install bulk smart meters in all JOSHCO Housing Management projects.</p> <p>Installation of commercial water meters will be implemented in Q3.</p> <p>5.2 The recruitment process for utilities management specialist and officers has</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q2					
							<p>commenced. The job advertisements have been issued. Appointments are expected to be finalised in Q3.</p> <p>6. We are implementing the hybrid model which will elevate the overtime costs.</p> <p>6. A plan to rotate Security Officers from the Service Providers and Insourced Security officers to reduce the overtime will be developed by the office of the COO.</p> <p>7.1 Reduction of projects on behalf of other departments.</p> <p>7.1 The Project Department has established a limit of R100 million for the total cost of other Department projects.</p> <p>7.2 Monthly engagements with finance teams of departments to resolve queries.</p> <p>7.2 Monthly meetings are held between JOSHCO Finance Team and other Departments Finance Teams to resolve payment related queries.</p>		
2.	Sustainable Service Delivery	Failure to deliver capital projects on time.	H	M	Number of social housing units completed	<p>1. Submission of Project implementation plan for each CAPEX project to the City for proper budget allocation/payment.</p> <p>2. Termination of non-performing contractors.</p>	<p>1. Project implementation plan for each capex project has been submitted to the City for budget allocation consideration.</p> <p>2. There were no contractors terminated in Q2 for non-performance.</p>		6/6


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						<p>3. Implementation of Stakeholder engagement plan.</p>	<p>3.1 Stakeholder Engagement Plan is continuously monitored and implemented accordingly. Planned activities for Q2 as per Plan were implemented.</p> <p>3.2 Consumer education/tenant education for Pimville, Riverside and Legae were conducted during the quarter under review.</p> <p>Six (6) possible incidents that could have led to unrests were intervened by a social facilitator in the following projects Selby, Tshedzani, Dobsonville x2, Legae, SHM Memorandum and Pennyville SMME.</p> <p>Management was able to resolve the issues that arose.</p>		
						<p>4.1 Project should comply with readiness matrix and approved by Housing Management and Housing</p>	<p>4.1 All projects comply with the readiness matrix that is approved by Housing Management and Housing Development Departments.</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						<p>Development departments.</p> <p>4.2 Appointment or allocation of Security guards per project site.</p> <p>5. Co-sourcing of local Security companies in projects.</p>	<p>4.2 Two (2) security companies were appointed in Q2. One (1) appointed to safeguard at Ekhaya Gardens (Princess Plot) and the other appointed to provide armed tactical response.</p> <p>5. Local security companies were appointed in Q1. These contracts will expire in Q3. There were no local security companies appointed in the quarter under review.</p>		
3.	None	Failure to implement effective job creation and SMME's support systems.	M	M	%of construction capex spent on SMME	<p>1.1 Allocation of the SMME packages for each project either at inception or construction stage by the professional team.</p> <p>1.2 Development of a training plan for SMMEs by the contractor or developer for Turnkey projects</p>	<p>1.1 Two (2) SMMEs packages were allocated in Q2, these were for Nancefield and Abel Street Projects.</p> <p>1.2 In Progress.</p> <p>Two (2) training plans were developed for Nancefield and Abel Street Projects.</p>		2/3


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						2. All SMMEs must sign contracts with the main contractor and should be kept by the main contractor.	2. All SMMEs have contracts with main the contractor and these contracts are kept by the main contractor.		
4.	None	Minimal/inadequate Stakeholder and Customer Relations Management	M	M	% Customer satisfaction rating Number of complaints resolved in time.	1.1 Monitoring of the implementation of the Stakeholder engagement plan. 1.2 Intervention of Social facilitators when there is an unrest.	1.1 Stakeholder Engagement Plan is continuously monitored and implemented accordingly. Planned activities for Q2 as per Plan have been implemented. Three (3) consumer education/ tenant education for Pimville, Riverside and Legae were conducted during the quarter under review. 1.2 Six (6) possible incidents that could have led to unrests were intervened by a social facilitator in the following projects Selby, Tshedzani, Dobsonville x2, Legae, SHM Memorandum and Pennyville SMME. Management was able to resolve the issues that arose.		4/4

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
				Q2					
						<p>2. Ad hoc stakeholder engagement meetings or round table discussions with the relevant stakeholders.</p> <p>3. Implementation of QR code system to speed up/ expedite the application process.</p>	<p>2. Two (2) Ad hoc meetings were held in Q2. These took place at Lufhereng and Abel Street projects.</p> <p>Furthermore two (2) round table meetings were held for IGR and Casa Mia.</p> <p>3. The QR code system was implemented in Q1 to expedite the application process. Thus far, no issues have reported.</p>		
5.	Increasing Safety and Security Incidents.	Health, Safety and Security incidents in JOSHCO projects.	VH	H	Number of Health, safety and security incidents.	<p>1.1 Implementation of the updated and standardised maintenance price lists and maintenance plan in place.</p> <p>1.2 Implementation Facilities Management or Repairs & Maintenance per building with dedicated service providers per building to fast track the maintenance turnaround time.</p>	<p>1.1 Unplanned maintenance costs in Q2 are under the R950 per unit per month curb in most of the properties due to the implementation of the maintenance pricelist which controls quotations.</p> <p>1.2 Monthly Service Level Standards (SLS) on maintenance turnaround time is above 96% across all Portfolios in Q2.</p>		6/7

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						<p>1.3 Formulation of Tenants committees or tenant engagement sessions."</p> <p>2. Activation and monitoring of biometric systems at JOSHCO projects.</p> <p>3. All construction projects to have an OHS Officer or Safety Agent.</p>	<p>1.3 Communication/ILetter was issued by Management to put on halt the formulation of tenant committees. A new process will be communicated with regards to the formulation of these committees.</p> <p>2. A total of twenty-nine (29) projects were equipped with biometric systems. The installation for the outstanding projects will be implemented in Q3 and Q4.</p> <p>3. All construction projects undertaken by JOSHCO, the contractor has a designated occupational health and safety (OHS) officers or safety agents. JOSHCO intends to enhance the capacity of its Occupational Health and Safety (OHS) Department in order to conduct spot checks and inspections.</p>		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						<p>4. All sites to have compliance files with the necessary OHS compliance documents handled by the housing supervisor.</p> <p>5. All projects to have the fire certification of compliance in place</p>	<p>4. Site compliance files were updated with new information on servicing of fire equipment COCs, new tenant contact details and OHS Audit reports.</p> <p>5. Fire equipment that was due for servicing in Q2 were conducted at five (5) projects and COCs are in place.</p>		
6.	Inability to respond to city disasters and business disruptions	Business Interruption	H	M	% Compliance to laws and regulations	<p>1. Monthly security update reports on servers and backup system.</p> <p>2.1 Implementation of the disaster recovery plan and the business continuity plan.</p>	<p>1. ICT security updates were deployed on all servers during the quarter under review. There were no security vulnerabilities detected.</p> <p>2.1 The committee convene on monthly basis to discuss important matters related to business continuity and disaster recovery. During the November meeting, two root cause analysis reports for 27 Hoek Street and Kliptown Square were tabled and discussed in detail.</p>		7/7

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
							<p>Furthermore, a DR testing was conducted during the quarter under review was also tabled and deliberated upon.</p>		
						2.2 Testing of the disaster recovery plan.	<p>2.2 A DR test was conducted on 6th October 2023, the test was a success, no risks and vulnerabilities were detected. JOSHCO will be able to resume with operations in an event of a disaster.</p> <p>Th DR tests are conducted on a quarterly basis.</p>		
						3.1 Development of comprehensive energy strategy.	<p>3.1 and 3.2 A comprehensive energy strategy was designed and implemented in the Head Office.</p> <p>Reports in relation to the installation of the generator as well as the UPS are in place.</p>		
						3.2 Implementation of the energy strategy starting at head office.			
						4. Disaster Recovery Committee quarterly session or	4. The committee convene on monthly basis to discuss		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						ICT Steering Committee session.	important matters related to business continuity and disaster recovery. During the November meeting, two root cause analysis reports for 27 Hoek Street and Kliptown Square were tabled and discussed in detail. Furthermore, a DR testing was conducted during the quarter under review, was also tabled and deliberated upon.		
						5. Implementation of the secondary network connectivity for higher availability and redundancy.	5. Secondary Network Connectivity was implemented on the first quarter, and it is currently functional.		
7.	None	Fraud and corruption	H	H	Number of Fraud and corruption cases reported.	1. Fraud detection review in collaboration with the City.	1. The Risk and Compliance Department in conjunction with Marketing & Communication Department as well as the Housing Management		6/7

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
							<p>Department conducted awareness activations that took place on 11th December 2023.</p> <p>These were held at three (3) JOSHCO projects, namely Lufhereng, AA House and Hoek Street.</p> <p>Furthermore, three (3) radio interviews were also held with different radio stations as part of awareness and reaching out to a bigger audience with regards to Anti-Fraud and Corruption.</p>		
						2. Enforcement of standard pricelist and any contractor who inflates prices will be barred from participating on the panel.	2. During the quarter under review, there were no cases of price inflation detected on quotations. Furthermore, no cases were escalated to SCM.		
						3. Implementation of a Supply chain management rotation strategy for each panel.	3. The rotation strategy is in place and implemented for all Portfolios as per SCM guidelines.		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						<p>4. Implementation of the Property Management Policy and standardised price list.</p> <p>5. Fraud awareness sessions at Head Office, Housing Management projects and Bid Adjudication Committee.</p>	<p>4. The Property Management Policy is continuously implemented and standardised price list is also applied throughout.</p> <p>5. The Risk and Compliance Department in conjunction with Marketing & Communication Department as well as the Housing Management Department conducted awareness activations that took place on 11th December 2023.</p> <p>These were held at three (3) JOSHCO projects, namely Lufhereng, AA House and Hoek Street.</p> <p>Furthermore, three (3) radio interviews were also held with different radio stations as part of awareness and reaching out to a bigger audience with</p>		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
							regards to Anti-Fraud and Corruption.		
						6. Investigations of Fraud and corruption by GFIS.	6. This is an ongoing exercise, there are two (2) fraud cases that were reported for quarter 2.		
						7. Development of the Ethics programme.	7. Recruitment will commence in the 3rd quarter subject to availability of budget.		
8.	None	Aging infrastructure	H	H	% Spend on maintenance budget.	1.1 Implementation of Building conditional assessment to all our buildings.	1.1 Maintenance orders are issued and executed accordingly. Planned maintenance at most projects is underway with some completed in accordance with the Building Conditional Assessment undertaken by BMC.		4/4
					1.2 Completion certificate for maintenance work done in JOSHCO projects.	1.2 Signed Completion Certificates are in place for all completed CAPEX and Non-CAPEX planned maintenance works.			
					2. Development of Standard Operation Procedure for evidence-based monitoring and evaluation on	2. The Housing Management Manual and the Building Maintenance Performance Agreement is in place			

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
						contractors' performance.	to monitor and evaluate contractors' performance. Workshops on the Standard Operating Procedure is then used to ensure that contractors are re-aligned to the correct level of performance.		
						3. Prioritisation of works based on urgency and need to fix and identification of profitable buildings.	3. Weekly service delivery meetings were held to provide updates on progress of planned maintenance in priority projects and a progress picture report is in place for each of the priority buildings.		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 September 2023	Residual Risk Rating Q2	KPI linked to the risk	Action(s) to improve management of risk	Progress on each action item as at end of the quarter	Residual Risk Movement	Status
9.	None	Governance Failures/Political Instability.	M	M	Number of times of the collapse in the multiparty government	1. Stakeholder management with the City Group Governance by the CEO and executive Team.	1. CEO and the Executive Team are engaging with the City Group Governance through emails on a regular basis.		1/1

3.3.1. Residual Risk Movement



Below is the summary of the strategic residual risk movement assessed in Q2 for the FY 2023 – FY 2024




Two (2) risks moved from high to medium and due to the risk being within appetite and tolerance level, one (1) risk moved from very high to medium due to the risk being within the set appetite and tolerance level, and seven (7) risks remained unchanged.




Based on the data shown above, the total proportion of actions taken to manage residual risk(s) in the control environment for the quarter is **(27/27) 100%** compared to the quarterly target of **95%** and **(44/50) 88%** compared to the annual target of **100%**. This demonstrates management's high level of commitment to risk management. In the coming quarter, the risk management Department will continue to closely monitor the movement of risk appetite and tolerance levels.

Below is the summary of the Top 8 operational risks assessed in Q2 JOSHCO for the FY 2023 – FY 2024.

Table 9: Progress in the Implementation of Operational Risk Mitigation Controls as at 31 December 2023

Risk Ref	Risk	Inherent Risk rating at 30 September 2023	Residual Risk rating in Q2	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/total identified)
Human Resources							
1.	Poor implementation of the Performance Management System.	H	M	Continuous monitoring of the performance management process and ensure biannual reviews are conducted.	HR continuously monitor the performance management processes, furthermore one on one sessions are held with Managers as and when required.		1/1
Housing Management							
2.	Illegal occupants and subletting.	VH	H	Complete the implementation of the biometric system at JOSHCO projects. Continuous regularisation of illegal occupants.	To date the biometric system has been installed on twenty nine (29) JOSHCO Projects. Installation for the remaining projects will be executed in Q3 and Q4. Regularisation is implemented as and when illegal occupants are identified. This is a continuous exercise.		2/2

Risk Ref	Risk	Inherent Risk rating at 30 September 2023	Residual Risk rating in Q2	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/total identified)
3.	Non-renewal (refusal by tenants) of expired leases.	VH	M	Issue default month to month lease notices.	98% of Lease Agreements for inner-city projects have been renewed. Automatic month to month lease agreements is implemented on all non-renewed leases as per the Rental Housing Act 50 of 1999 (3)(5)		1/1
Housing Development							
4.	Delayed project payments due to budget constraints.	VH	H	Submission of request for additional funding during budget adjustment period.	Continuous engagements are held with the City to request additional funding. Allocated/available funding is prioritised accordingly.		1/1
5.	Delays in statutory approvals (Land use applications)	VH	H	Continuous engagement with affected stakeholders.	This is an ongoing exercise where engagements are held with affected stakeholders.		1/1
Customer Services							

Risk Ref	Risk	Inherent Risk rating at 30 September 2023	Residual Risk rating in Q2	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/total identified)
6.	Non-adherence to the Fleet Management Policy.	VH	H	Procure a vehicle monitoring system.	The procurement process for the vehicle monitoring system has not commenced.		0/1
Marketing and communication							
7.	Inadequate management of digital platform queries.	VH	H	Centralisation of all digital platforms/channels.	The process for centralisation of all digital platforms/channels has not commenced.		0/1
Internal Audit							
8.	Inadequate skills to execute specialised audits i.e., IT, Technical Aspects of Housing Development etc.	VH	H	Appointment/utilisation of panel of service providers.	The process will commence once the Internal Audit Manager has been appointed.		0/1

3.4. INFORMATION ON EMERGING / NEW RISKS

An increase in severe weather conditions such as heatwaves, thunderstorms, floods and severe winds due to climate change impacting the economy and public safety is a concern. All organisations, including local government, the private sector and civil societies, have to start looking at the physical implications of their operations as a result of committing to climate-change adaptation. Continuous risk and scenario analysis will provide the insight and foresight needed to look at the different threats and opportunities that will present themselves. An inadequate response to climate change, leading to greater inequality and unemployment and resulting in social bankruptcy and unrest.

The risk of an inadequate response to current and future climate change impacts will remain a risk for the country for at least the next 10 years. This impacts directly on the economy, unemployment and food scarcity (including the cost of living). These consequences in turn drive increased crime, fraud and corruption, as well as social bankruptcy and negative foreign investment.

BUSINESS CONTINUITY

The newly established Business Continuity Management Committee, which is chaired by the Executive Manager responsible for Business Planning and Strategy and backed by the COO, CFO, and key management team, met during the month of November and key aspects of the approved BCP and testing were discussed in detail. The committee convene monthly to discuss important matters related to business continuity and disaster recovery. During the November meeting, two root cause analysis reports for 27 Hoek Street and Kliptown Square were tabled and discussed in detail. Furthermore, the disaster recovery test conducted during the quarter was also tabled and deliberated upon.

PROGRESS ON THE RISK MANAGEMENT PLAN

The quarterly activities as outlined in the approved plan for the FY 2023/24 such as the undertaking of the risk control self-assessment for both strategic and operational risk have been achieved. Refer to Annexure B for detailed progress:

MANAGEMENT OF POTENTIAL CONFLICT OF INTEREST

Employees at JOSHCO complete declaration of interest forms on an annual basis to ensure that employees are transparent about their business interests outside of the organization and that any close relatives or associates are identified in order to avoid conflicts between JOSHCO and the service providers with whom they will do business. To date, (92%) of JOSHCO staff have completed and submitted their annual declaration. The outstanding declarations are from suspended employees.

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATIONS

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

The Risk and Compliance Department conducted Anti-Fraud awareness in three projects, AA House Project, Hoek Street Project and Lufhereng Project through physical activations. The awareness took place on 11th December 2023.

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

All reported fraud and corruption allegations are investigated through the GFIS unit at the City and reports that indicate progress made on the investigations are provided to JOSHCO on quarterly basis. There is a total of eight (8) open cases, wherein two (2) of these cases were reported in Q2. The following table below depicts progress update provided by GFIS on all reported open cases.

Table 10: GFIS Progress on Open Cases

GFIS No	Date Registered	Allegation	Status
GFIS-12/11/2021	2021/11/02	Moja Love TV shooting.	In progress
GFIS -39/12/2021	2021/12/15	Alleged maladministration with regards to recruitment.	In progress
GFIS- 26/09/2022	2022/09/14	Alleged fraud and corruption where there are fraudulent debit orders that are being deducted from JOSHCO' Standard bank account.	In progress
GFIS-2/12/2022	2022/12/05	Alleged fraud and corruption and irregular payments at Devland Phase 2 project, site 078. It is also alleged that SMMEs were not paid, officials influencing the process such that SMMEs not paid, Officials and Cllr involved in the allocation of projects and SMMEs. Corruption in the allocation of work in relation to Phase 2 project and payments made to the developer and contractor did not reach the SMMEs.	In progress
GFIS-19/03/2023	2023/03/15	Alleged fraud and corruption which is happening at City deep flats. Apparent ever since the flats were built done by Steven crew. It goes to R5000 tenant bribery to get an apartment, sexual favours by office managers. Fraudulent security company tenders are given to false security company owners that are controlled to victimize tenants or lie about them until they vacate so that the flat can be re rented for bribery purposes.	In progress
GFIS-5/08/2023	2023/08/10	Alleged impersonation and use of JOSCHO CFO' name (Nontobeko Ndimande).	In progress

GFIS No	Date Registered	Allegation	Status
GFIS- 18/11/2023	2023/11/15	Alleged fraud and corruption at JOSHCO in relation to Facebook adverts for JOSHCO rentals.	In progress
GFIS- 25/11/2023	2023/11/17	Alleged breach of security in the impersonation of MMC Mabaso soliciting money for a house allocation.	In progress
GFIS-19/12/2023	2023/12/22	The contractor engaged in misrepresentation by falsely claiming to have constructed a wall and providing fabricated photographs of a non-existent wall.	In progress

ANTI FRAUD & CORRUPTION CAMPAIGN

The Internal Fraud and Corruption campaign was delivered in three locations on the 11th December 2023. The campaign aimed at educating the public about scammers out there and how to identify and navigate around scammers. This pop-up-style campaign positioned JOSHCO as a **ZERO TOLERANT** organisation towards fraud and corruption. Media interviews and articles formed part of the awareness, making it the first of its kind to gain media traction. A video that was also produced for long-term purposes and impact formed part of the campaign.



4.1. FRAUD RISK ASSESSMENT

As part of the fraud detection evaluation across JOSHCO departments, the Risk and Compliance department conducted an independent fraud risk assessment/fraud gap study in Q1. In the first quarter, the department kept track on mitigation progress. The following is a list of JOSHCO's top five fraud risks for the fiscal year 2023/24 (refer to Annexure B).

- a) Leave fraud.
- b) Abuse of JOSHCO fleet.
- c) Fraudulent allocations of houses for personal gain.
- d) SCM fraud and Information security (data loss or theft due to security breach).

SECTION 5: ICT GOVERNANCE

The role of the Information and Communications Technology (ICT) department is to enable effective information management, support decision-making processes, enhance collaboration, promote innovation, and drive digital transformation. The department develops, maintains, and supports management Information Systems which encompasses the use, management, and application of various technologies to gather, process, transmit, and store information. ICT facilitates efficient communication, enables access to vast amounts of data, and empowers JOSHCO staff to streamline processes and enhance productivity with a wide range of technologies, including computers, networks, the internet, software applications, mobile devices, and telecommunication systems.

of Network Load Balancing is to help ensure that services remain accessible and responsive even if some servers fail or experience high demand. This change results in high network availability.

Disaster Recovery

JOSHCO has a Fully Managed Datacentre (FMDC) to ensure Business Continuity and all critical services of the organization are replicated to the site, ensuring that JOSHCO Operations continue even in the event of a disaster. A scheduled quarterly Disaster Recovery Test was performed on 06th October 2023 and was successful. The File Server and the Domain Controller were the two servers that were tested, and it can be confirmed that JOSHCO is well prepared for any unfortunate event.

Network Maintenance

On 02 October 2023, JOSHCO ICT performed the Access Switch Port Audit and discovered that Port XGE1 was configured as a Trunk port instead of an Access Port. The remediation was applied and further adjusted the PVID. Furthermore, an inspection was performed on the AD-Campus which is a unified network management tool used to monitor and manage the JOSHCO Network. A network upgrade to perform the remedial actions of the inspection were applied on the 3rd of November 2023 and there has not been any issues since the network upgrade.

Procurement of Laptops and other ICT Equipment

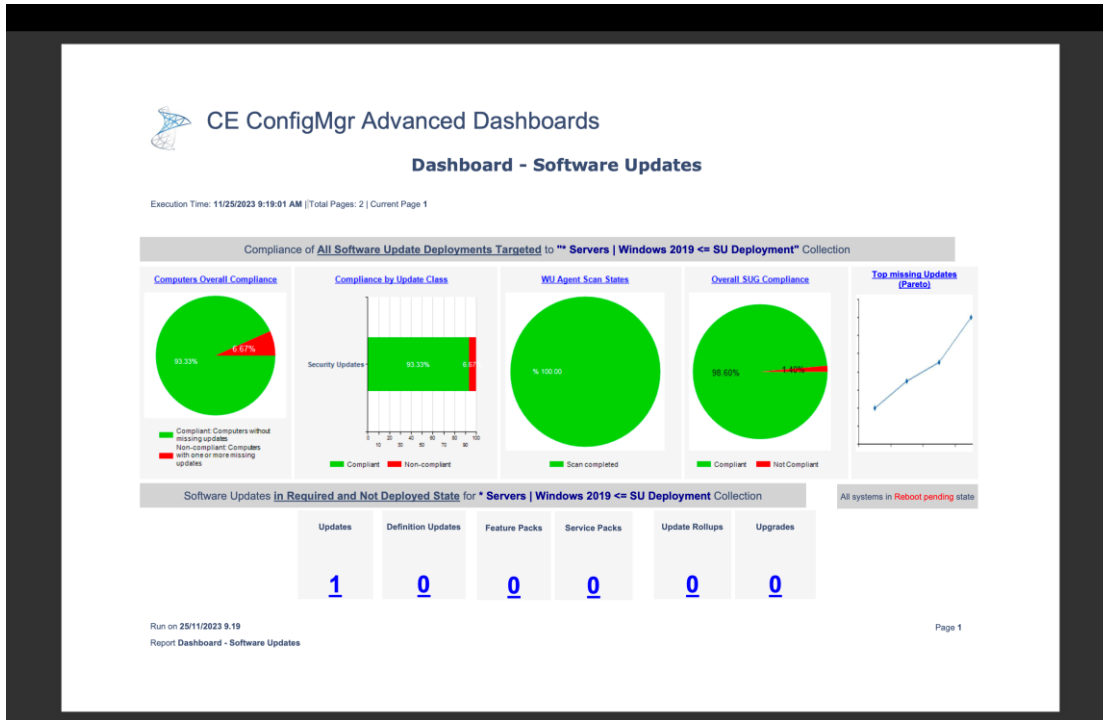
A total of 102 laptops and 10 external monitors were procured in this quarter and distribution is underway as per the JOSHCO Obsolescence Model.

Patch Management

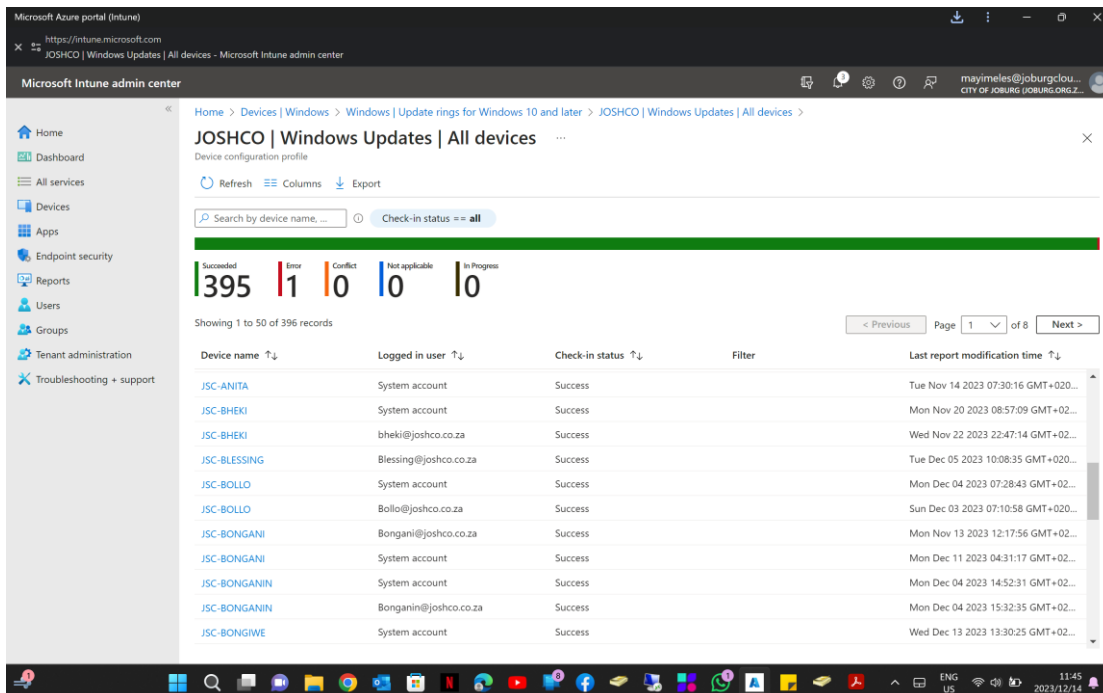
To ensure a healthy environment and the reduction of risks, JOSHCO ICT is using a cloud-based endpoint management solution called Microsoft Intune, simplifying app and device management across the many devices that use the JOSHCO Server and Network Environment such as mobile devices, laptops, and virtual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

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

Screenshot of patch compliance for Servers



Screenshot of patch compliance for Laptops

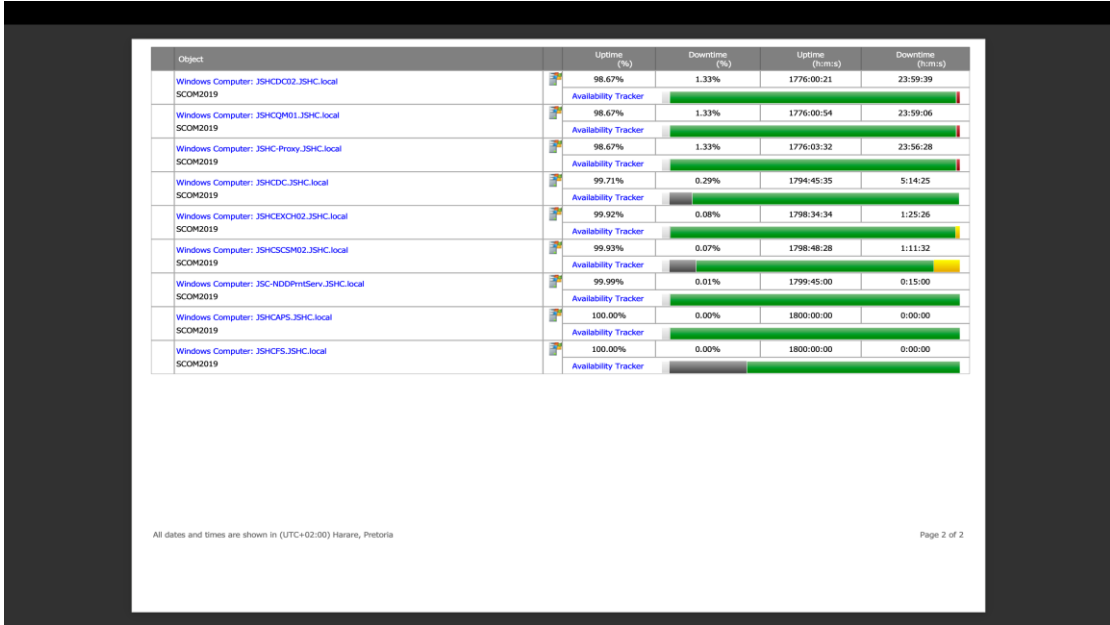
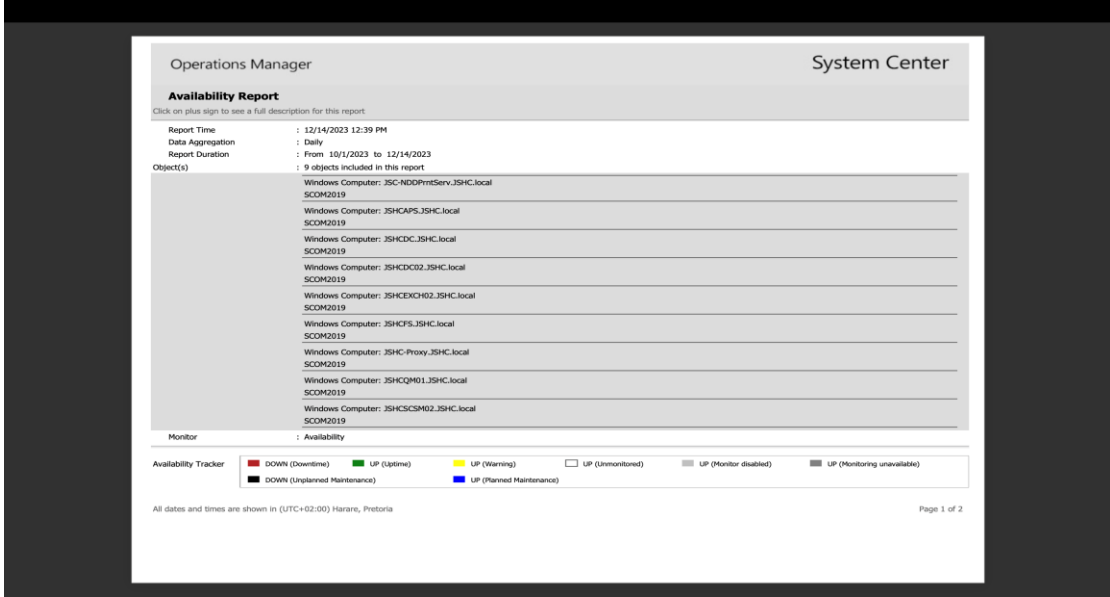


Datacentre Uptime/Downtime

JOSHCO did not experience any downtime attributed to load-shedding or cable theft during the reporting period, this is due to the installed UPS System which takes over when there is no power at Head Office. Our target for operation as JOSHCO

ICT is to maintain high system availability by implementing strategies that promote continual information technology service improvement.

Screenshot of Servers Availability



Fibre Rollout to JOSHCO Properties

Phase 2 of the rollout has commenced and anticipated to be completed during Quarter 3. ISPs are on-site for customer signings and onboarding on the completed sites.

Screenshot of Fibre Build Progress

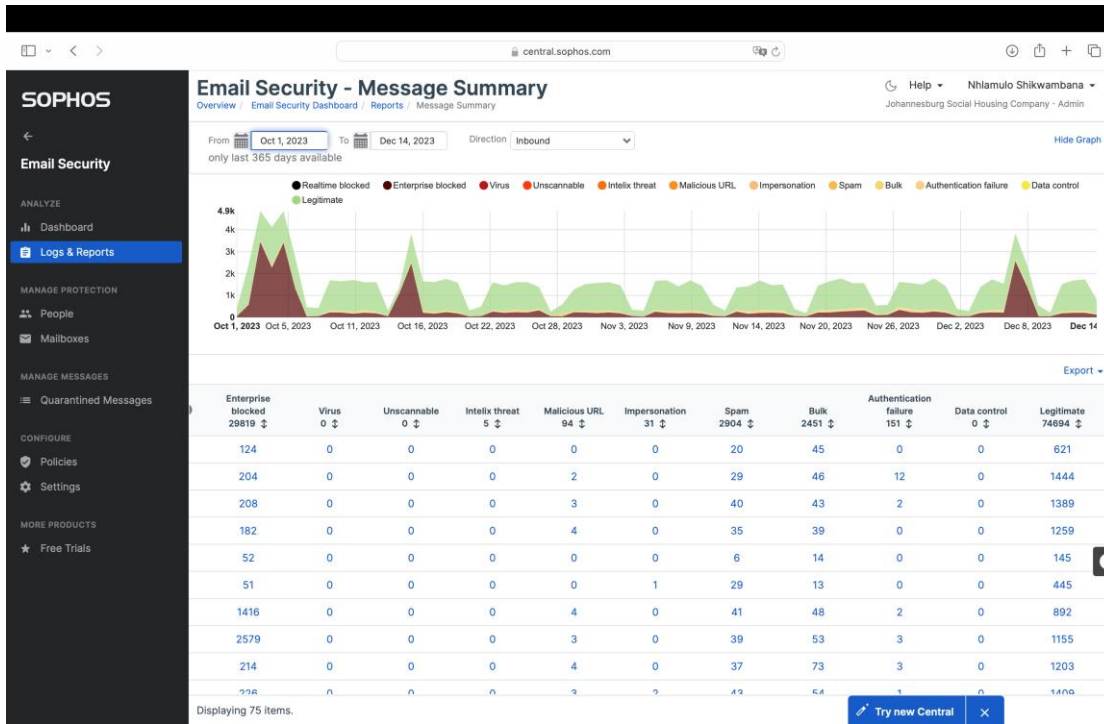
DESCRIPTION OF SERVICE	STATUS
AA House via Europa House - 20 Wanderers st, Newtown	Completed
AA House (2) - (AAH1-AAH3) - 20 Wanderers st, Newtown	Completed
Union Square - Plein st, JHB	Completed
Lufhereng via Green Village Clinic -2136 Lufhereng, Soweto	Completed
Bellavista Housing to Citrine Court	Completed
Bellavista Citrine Court - Bella Vista rd, Turfontein	Completed
Fleurhof - Core link	Completed
African Diamond Building via 66 Sauer Street JRA	Installation completed on 22/11/2023. Electrical connection to cabinet scheduled for 08/12/2023. Final inspection and sign off to be done 13/12/2023
Textile Building via 66 Sauer Street JRA	Installation completed on 22/11/2023. Electrical connection to cabinet scheduled for 08/11/2023. Final inspection and sign off to be done 13/12/2023
Raschers via Europa House	Installation completed on 16/11/2023. Electrical connection to cabinet scheduled for 08/11/2023. Final inspection and sign off to be done 13/12/2023
Europa House via CJ Cronje	WIP 90%. Start date: 20/11/2023, forecasted completion date 14/12/2023
Phoenix House via Village Main Depot	WIP 20%. Start date: 07/12/2023, forecasted completion date 14/12/2023
MBV Building, Quatz & Hancock street, Joubert Park	WIP 20%. Start date: 07/12/2023, forecasted completion date 14/12/2023
Kliptown Golf Course via Pimville Library	JRA wayleave is approved, to be collection date 08/12/2023
Kliptown Square via Kliptown Museum	JRA wayleave is approved, to be collection date 08/12/2023
Pennyville Flats via Noordgesig Library	JRA wayleave is approved, to be collection date 08/12/2023
Princess Plot via Princess Clinic	JRA wayleave is approved, to be collection date 08/12/2023
Hoek Street via 222 Smit	The building manager, Andronica, informed the team that they no longer require services from MTC and has cancelled the request.
Jeppetown Erf 37 up to 57 of Jeppetowns South Town via Fairview Fire Station	Awaiting Library rebuild
BG Alexander Housing Estate via Rosabel Place	Implementation to be confirmed
Bottabela (Far East Bank) via Alexandra Library	Implementation to be advised
Casa Mia via Hillbrow Library	Implementation to be advised
Chelsea via Casa Mia	Implementation to be advised
Fleurhof Junction via Park Rangers	Implementation to be advised
Fleurhof Riverside via Fleurhof Junction	Implementation to be advised
Rosabel Place via MBV House	Implementation to be advised
Tshedzani 4 via Roodepoort Town Hall	Implementation to be advised
Legae Roodepoort via Roodepoort Town Hall	Implementation to be advised
Nancefield Social Housing Projects via Klipspruit Facilities & Management	Implementation to be advised

Cybersecurity

JOSHCO ICT implemented SOPHOS Email Advanced which is a Email Security product aimed at ensuring complete protection from cyber-attacks. Due to this measure being put in place, ICT can now guarantee the complete security of the organization and full compliance with the Minimum Information Security Standards.

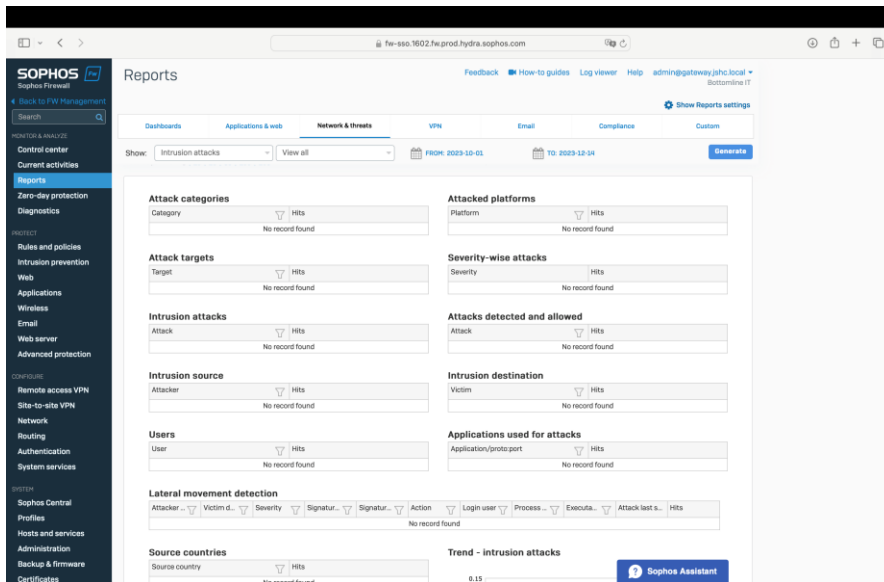
During Quarter 2, JOSHCO did not encounter any cyber threats due to the hardened security measures currently put in place. The Intern: Information Security is actively monitoring the environment through various tools that have been deployed on the infrastructure. The appointment of the Infrastructure Security Technician will further ensure that JOSHCO's security posture is hardened.

Screenshot of Email Security



During the reporting period, JOSHCO did not experience any attacks on its Network and Server Infrastructure. This is solely attributed to the hardened policies that are applied to the firewall.

Screenshot of Firewall Report



SAGE Intacct Implementation

The upgrade of SAGE is progressing well, we are currently in the testing phase, and it is anticipated to be live by the first month of Quarter 3. This upgrade will contribute to the business continuity measures since this version of Sage is a cloud solution.

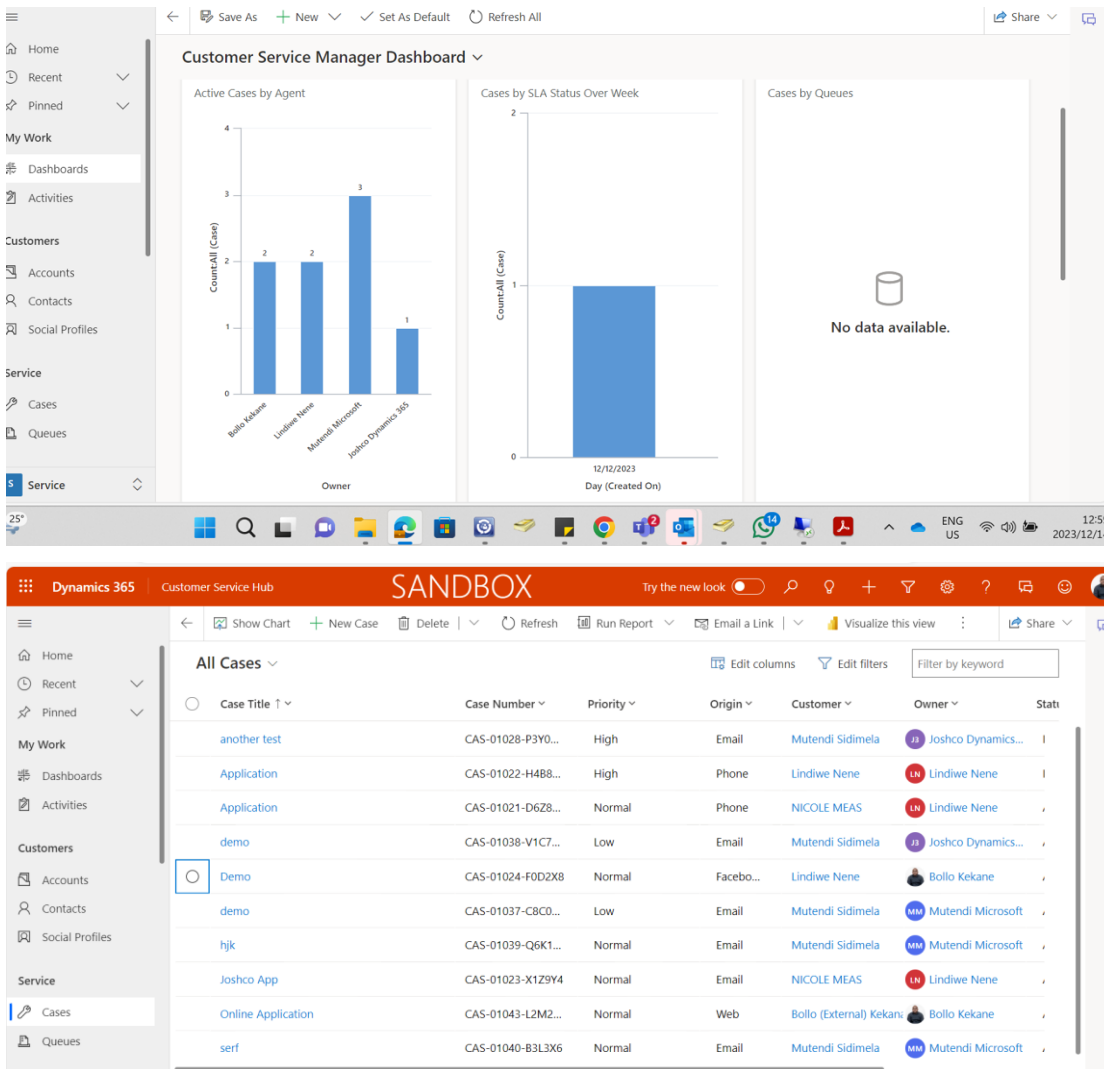
Human Resources

The ICT team is gradually growing, and as of 1 November 2023, two Interns were appointed to focus on two distinctive fields: Network Support and Information Security. Shortlisting and interviews have been concluded for two positions, namely AD & Exchange Technician, and Infrastructure Security Technician. The successful candidates will play a pivotal role in ensuring that ICT continues to provide unmatched Information Technology services and innovation.

Customer Service Portal

Customer Service is central to JOSHCO's daily operations. During Quarter 2, JOSHCO ICT introduced the Customer Service Portal to assist the Customer Services Department with management and handling of all customer queries.

Screenshot of Customer Service Portal



SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

Compliance Management is a multifaceted discipline that ensures that an organisation complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements. JOSHCO uses the EXCLAIM! Compliance software to monitor compliance with relevant legislation. In addition to the use of EXCLAIM!, other mechanisms such as compliance risk management plans are used to identify, assess and monitor JOSHCO's level of compliance with relevant regulatory requirements that form part of its operations. As at the end of the second quarter, a total of twenty-eight (28) Acts and regulations were identified as being applicable to JOSHCO's operations and appear in the Regulatory Universe.

Table 11 of annexure A reflects the twenty-eight Acts that were assessed in the second quarter of the 2023/24 Financial Year. We have seen 25 acts that have reached 100% compliance while 4 Acts are still not at 100% compliance. The current compliance for this Quarter stands at 89.2% against a target of 98%. There has been significant upward movement in the level of compliance for acts below 100% from 22 acts to 25 acts. In this quarter of review, only one act has regressed. The Companies Act 71 of 2008 has regressed from 100% to 94%. The variance is due to the vacancy of the Company Secretary. The position of Company Secretary has been vacant for 90(days) which is non-compliance with the act. Monitoring on the acts is conducted on a regular basis to ensure full compliance by the targeted period. In this quarter,

Supply Chain management training, organised by the City was conducted for all employees who are involved in the supply chain management process. This will assist in complying with the regulations as well as to address the Auditor General (AG(SA)) findings raised in the 2022/23 audit.

The compliance program in the next quarters will focus on reviewing supply chain management process to ensure to address AG(SA) findings.

Remedial actions on the legislation that have not reached 100% compliance are provided with progress made by Acts owners in implementation are set out in the table below. The table also includes acts that have progressed to 100% in order to detail the reasons of the improvements.

Table 11: Action Plan of the Assessed Legislations

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
1. Companies Act 71 of 2008	100%	94.9%	The variance relates to the appointment of a Company Secretary. The Act prescribes that the Company Secretary must be appointed within 60 Days of the position being vacant.	Appointment of a company Secretary	Chief Executive Officer	Recruitment of a Company Secretary is in progress.	31 March 2024

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
2. Employment Equity Act	92.2%	100%	<ul style="list-style-type: none"> Salary disparities still have not been resolved. (income differentials) 	Salary Disparities have been resolved	EM: Corporate Services	The Mogale report that was intended to address salary disparities has been implemented and salary disparities addressed. The outstanding implementation of the report is the payment of backpay to affected employees.	N/A

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
3. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	76.5%	100%	The variance relates to the requirement for senior managers, supply chain manager, and officials to meet competency levels for financial and supply chain management	All Newly appointed executives be enrolled in the program.	EM: Corporate Services	All executive managers meet completed the minimum competency levels as prescribed by the regulation.	31 March 2024

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
4. Municipal Finance Management Act.	94.3%	94.3%	The Variances relate to the current deficit affecting expenditure and budget management.	1. Strategies to increase revenue and reduce expenditure are contained in detail in the finance report.	Chief Financial Officer	<ol style="list-style-type: none"> 1. Payments although in staggered amounts have been made to JOSHCO to from the human settlements for projects conducted on their behalf. 2. The revenue collection strategies particularly during the December period such as the Black Friday discounts etc. have yielded an notable increases in rental collection. 	31 December 2023

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
5. Protection of Personal Information Act, No. 4 of 2013	98.2%%	100%	<p>The variance relates to:</p> <ol style="list-style-type: none"> Written contract between JOSHCO and service providers who process information have not been concluded to, ensure that the Service Provider which processes personal information for JOSCHO establishes and maintains the security measure referred to in Section 19? 	<ol style="list-style-type: none"> Service Level Agreements to be amended to include POPIA obligations. 	Company Secretary	<ol style="list-style-type: none"> The current third party contracts make provision for POPIA requirements. 	N/A

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
6. Rental Housing Act, No. 50 of 1999	96.3%	100%	The variance relates to the subletting of units by tenants without JOSHCO's consent.	<ul style="list-style-type: none"> SHRA will be conducting and tenancy Audit for Union Square as well as Devland . The renewal of leases will also be used to identify subletting cases. JOSHCO, through the Housing Management department has embarked in a process of regularising qualifying tenants in line with approved in line with the Act. The process will continue until all JOSHCO units are occupied by lawful tenants only. 	EM: Housing Management	<ol style="list-style-type: none"> The Audit reports have not identified any subletting in the Audited projects. Lease renewals and Regularisation is conducted on all JOSHCO projects. 	N/A

Act Name	Q1	Q2	Comments	Remedial Action	Act Owner	Progress made on remedial action	Timeframe
7. Social Housing Act 16 of 2008 and Social Housing Regulations.	87.0%	93.5%	<p>The Variance relates to:</p> <ul style="list-style-type: none"> JOSHCO's Accreditation has been downgraded by the regulator due to noncompliance on an ongoing basis with the criteria which qualify them for full accreditation. JOSHCO does not comply, with section 14 (2) of the Social Housing Act which states that an SHI must at all times to function in compliance: <ul style="list-style-type: none"> (i) the provisions of this Act; (ii) the national building regulations under the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977); (ii) the technical standards imposed by the National Home Builders Registration Council under the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998); (No Occupancy Certificates) <ul style="list-style-type: none"> (iii) the provisions of the Rental Housing Act, 1999 (Act 50 of 1999) The content of the lease agreement and proposed changes are not strictly adhered to by all parties. 	<ul style="list-style-type: none"> Obtain full accreditation with the SHRA. Obtain occupancy certificates for all JOSHCO projects 	EM: Housing Management	<ul style="list-style-type: none"> JOSHCO has submitted all compliance and accreditation requirements for the start of the Financial Year. SHRA is still yet to provide feedback on the JOSHCO's accreditation. Occupation certificates are still outstanding for the Dobsonville projects due to pending litigation. Projects are no longer tenanted without the necessary compliance certificates. 	30 June 2023

Total number of Acts assessed: 28 against 28 in the Regulatory Universe.

Total Acts with 100% compliance: 25

Total level of compliance: 89.2% against a target of 98%

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

- Regarding Housing Development, in Q2 the company developed 257 housing units without service against the target of 225 units.
- In regard to Housing Management, the Occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above for the Q2.
- During the quarter under review, 24.27% SMME expenditure achieved against construction invoices and 791 EPWP work opportunities were created against a target of 360 in quarter 2.
- In quarter 2 the company achieved all the 7 service level standard KPIs.
- In regard to building Maintenance; In the 2nd quarter, there was a total of **1,062** jobs under reactive maintenance jobs that were logged for Portfolio A,B, C D and E. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%.

SECTION 2: SERVICE DELIVERY CHALLENGES

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

- Low rental collection remains a challenge for the entity.
- Insufficient allocation of funds by the City. This has resulted in the entity not being able to pay invoices timeously.
- Formation of the Social Housing Movement within JOSHCO projects which advocates for ownership within social housing space. Coupled with this is the influence of illegally constituted Tenant Committees, which Housing Management is facing head on with the aid of Stakeholder Relations.

SECTION 3: RESPONSE TO STRATEGIC DIRECTION AS AT 31 DECEMBER 2023

Table 12: JOSHCO's Response to Strategic Direction

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q2
1. Sustainable Service Delivery	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • Attainment of all SLSs • Well maintained and clean JOSHCO properties • Continuous engagement with SHRA's to ensure we are compliant to the regulator.
2. Job opportunity & creation	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • Upliftment of communities through SMMEs on construction projects • Skills development and job creation through EPWP programme
3. Sustainable service delivery	<ul style="list-style-type: none"> • Develop & manage social housing and student accommodation • Develop & manage affordable rental housing 	<ul style="list-style-type: none"> • On track to deliver social housing and affordable housing units across the City • Development of student accommodation precinct • Preserved and well-maintained buildings that meet acceptable living conditions

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q2
	<ul style="list-style-type: none"> Implement housing development projects for the CoJ Provide assigned municipal services 	
4. Financial sustainability	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> A solvent company by end of 2024/25 FY Improved revenue collection Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) An unqualified Audit Opinion
		<ul style="list-style-type: none"> Effective and efficient business processes Improved tenant satisfaction, through proactive tenant education and engagement programme Customer satisfaction targets achieved and improved Improved visibility of JOSHCO brand
5. A Smart City	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (Including alternative energy solutions and rainwater harvesting)
		<ul style="list-style-type: none"> Improved application and leasing processes, supported by automation of processes launched Seamless business continuity supported, through effective backup and disaster recovery systems

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

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

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

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

- 98% accurate bills for all active customers

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

Table 13: Service Level Standard (SLS) Performance as at 31 December 2023

Core Service	SLS Target	Oct 2023	Nov 2023	Dec 2023	Variance Explanation	Mitigations
1. Billing of customers	99% accurate bills of all active customers	99%	99%	98%	None	None
2. Attending to request for maintainance	96% of maintenance requests attended within 14 days of the logged call	100%	100%	100%	None	None
3. Routine building maintenance	Once per year and as when required	100%	100%	100%	None	None
4. Application for rental housing	Outcome of enquiry to be sent to application within 5 days	2 days	2 days	2 day	None	None
5. Application for rental housing	Outcome of the application communicated within 10 working days	3 days	1 day	3 days	None	None
6. Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 Hours	24 Hours	24 hours	None	None
7. Resolution of complaints	Resolution of the complaints/ queries within 5 workings days	2 days	4 days	2 days	None	None

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2023–2024 business plan includes 22 key performance metrics and targets. 12 of the 21 targets that were due for reporting during the quarter were met. This outcome amounts to a performance for the quarter of 57%.

Performance Targets	Targets
Total Annual Targets	22
Applicable targets in Q2	21
Targets achieved	12
Targets not achieved	9
Not due for reporting	1

Legend:

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

Table 14: Performance Against Predetermined Objectives as at 31 December 2023

Key Performance Area	Key Performance Indicator	Annual Target 2023/24	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
Financial Stability	Current Ratio	Current ratio 1:1	1:1	0,53	- 0,47	Please refer to Chapter 5.
	Solvency Ratio	Solvency Ratio 1:1	1:1	0,56	- 0,44	
	% Collection in respect of current debtors	100% collection in respect of current debtors	100%	72%	-28%	
	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	40%	-60%	Insufficient cash flow from the City treasury.
	% of CAPEX spent on EMEs	30% of CAPEX spent on EMEs	30%	24.27 %	-5.73%	Low SMME expenditure due to builders break.
	% of CAPEX budget spent	100% CAPEX budget spent	25%	21%	-4%	Lower spend due to cashflow and delay in appointment of service providers.
Good Governance	Percentage resolution of internal audit findings	100% resolution of Internal Audit findings (cumulative)	50%	93%		Target achieved
	% Resolution of external audit findings	100% resolution of AG findings	50%	95%		Target achieved
	Level of audit opinion	Unqualified audit opinion	-			Target not due
	Percentage compliance to Laws and regulation	100% compliance to laws and regulation	98%	89.2%	-8.8%	Target not achieved due to regression of one of the Acts.
	Percentage Implementation of corrective action against identified risks	100% Implementation of corrective action against the identified risks	95%	100%		Target achieved
Personnel Vacancy Rate	% Employee vacancy rate	5% employee vacancy rate	5%	11.54 %	-6,54%	Upward mobility and the fact that other incumbents are aimed to start in Q3

Key Performance Area	Key Performance Indicator	Annual Target 2023/24	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
Employee Development	Number of employee development initiatives	4 employee development initiatives	1	1		Target achieved
Smart City	Number of digitisation initiatives completed	4 Digitisation initiatives completed	1	1		Target achieved
	Number of ICT awareness initiatives	32 ICT awareness initiatives	8	10	+2	Target achieved
Job Opportunity and Creation	Number of jobs created for the unemployed through EPWP programmes	720 Jobs	360 jobs created	791	+431	Target achieved
Sustainable Service Delivery	No. of social housing units developed without services	450 housing units developed	225	257	+32	Target achieved
	No. of social housing units completed	450 housing units completed	225	0	-225	333 units were expected to be delivered from Princess Plots this quarter as the project has reached practical completion. However, there are outstanding statutory approvals which are currently being finalised with PIKITUP due to additional requirements on the refuse area which will be completed by 31 January 2024. The JRA's Road Master Plan for the area was not aligned with the approved and captured half cul-de-sac from Princess Ext 14. There are on-going discussions between CoJ LUM and JRA to correct the alignment of the cul-de-sac, as soon as the matter resolved, outstanding OC's can be issued.
	% Occupancy rate (social housing)	98% occupancy rate	98% occupancy rate	99%	+1%	Target achieved
	% Achievement of service standards	100% Achievement of service standards	100% Achievement of service standards	100%		Target achieved
	Tenant Management initiatives implemented by community development	4	2	2		Target achieved
	% Occupancy rate (affordable rental)	98% occupancy rate	98% occupancy rate	98%		Target achieved

5.1. PROJECT PERFORMANCE

Contextual Background on the KPIs:

Our capital projects are divided into 2 programs: Inner-city and Green-fields programs and are further divided into 2 major milestones: Planning and Implementation. Planning runs from inception to pre-tender stage and implementation from tender stage to project close out. Below are details of start and completion dates of various projects, as well as their performance. The start and completion dates of the projects are in line with the signed Development Agreement or JBCC of the project. It should be noted that, depending on the outcome of Extension of Time claims submitted by main Contractors, the dates may be amended if the claim is awarded with or without cost, depending on the incident the main Contractor is claiming against. The adjudication of whether to award extension of time claim (with or without cost) is concluded by independent Project Managers or Review Consultants working with Quantity Surveyors and recommendations are made to JOSHCO.

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

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

5.1.1. PROJECTS UNDER IMPLEMENTATION: INNER CITY

ABEL ROAD CONVERSION PHASE 1

Start date: 01 July 2023

Revised Completion date: 29 February 2024

Area or location: Abel Road, Inner City Johannesburg

No units expected 2023/2024: 107-units phase 1.

Budget allocated this FY: R25 000 000.

Monitoring Tool	October	November	December
Capex Expenditure	R 2 344 298,62	R7 664 845,05	R5 458 900,00
SMME Expenditure	R77 200,00	R220 000,00	R180 000,00
Project Progress	30%	52%	70%
EPWP	11	0	0

Comments on Project Performance:

Construction activities underway. The project is running 18 days behind schedule. The Contractor is currently drafting a recovery plan to be considered by the PM. The contractor was granted extension of time until 30 February 2024.

106 CLAIM STREET SOCIAL HOUSING PROJECT

Start date: 20 July 2023

Planned completion date: 29 February 2024

Area or location: 106 Claim Street, Hillbrow

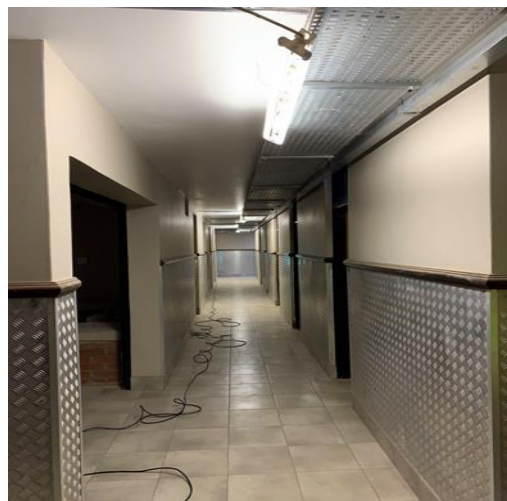
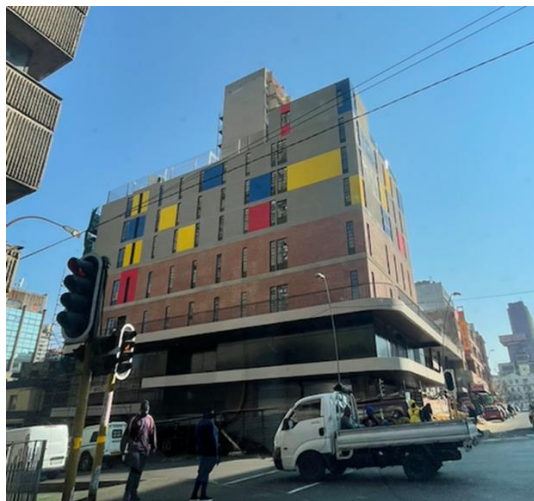
No units expected 2023/2024: 80 units

Budget allocated this FY: R 7 000 000.00

Monitoring Tool	October	November	December
Capex Expenditure	R 1 476 608,86	R0,00	R1 021 136,36
SMME Expenditure	R 105 000,00	R 105 000,00	R 105 000,00
Project Progress	61%	76%	92%
EPWP	0	0	0

Comments on Project Performance:

The project has reached practical completion. Building inspectors due to inspect in January after builder's break for the issuing of the occupation certificate.



NEDERBERG STUDENT ACCOMMODATION

Start date: 25 July 2023

Planned completion date: 30 January 2024

Area or location: 153 Wolmarans street, Braamfontein

No units expected 2023/2024: 60 units.

Budget allocated this FY: R 12 500 00.00

Monitoring Tool	October	November	December
Capex Expenditure	R 2 640 742,76	R0,00	R0,00
SMME Expenditure	R 0,00	R0,00	R0,00
Project Progress	39%	46%	50%
EPWP	0	0	0

Comments on Project Performance:

All units have been painted. Contractor is busy with installation of furniture, burglar bars and new windows where required and an SDP has been approved.

5.1.2. PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

NANCEFIELD SOCIAL HOUSING PROJECT

Start date: 4 May 2021

Completion date: 30 May 2024

Area or location: Nancefield, Klipruit, Soweto

No units expected 2023/2024: 372 units

Budget allocated this FY: R 33 000 000.00

Monitoring Tool	October	November	December
Capex Expenditure	R7 151 626,32	R0,00	R 5 092 896,78
SMME Expenditure	R0,00	R 1 163 359,62	R 1 024 151,66
Project Progress	80%	80%	80%
EPWP			

Comments on Project Performance:

Works are now at 80% overall completion. The professional team and the new contractor, appointed for the completion contract are busy with application to change name of contractor on NHBRC registration for permission to proceed with works. On the other hand, the OHS consultant and the contractor are putting their papers together for application submission to the department of labour for work permit.

The contractor is engaging SMMEs on works packages to ensure that once approvals have been obtained for work to commence, the team would be ready.



PRINCESS PLOTS SOCIAL HOUSING PROJECT

Start date: 1 November 2019

Anticipated Completion date: 20 February 2024

Area or location: Princess Ext 22, Roodepoort

No units expected 2023/2024: 333 Units.

Budget allocated this FY: R 51 555 000,00

Monitoring Tool	October	November	December
Capex Expenditure	R1 762 833,77	R0,00	R 0,00
SMME Expenditure	R 547 409,45	R12 367,00	R10 987,00
Project Progress	100%	100%	100%
EPWP	0	0	0

Comments on Project Performance:

Practical Completion was reached 30 October 2023. The contractor is working on the Works completion snags. The transformer needs to be changed and Pikitup has provided additional requirements on the refuse area which will take another 30 days before being completed. We are anticipating the building inspector to come end of January 2024 to issue occupation certificate.



GOLDEN HIGHWAY SOCIAL HOUSING PROJECT

Start date: 14 November 2022

Planned completion date: 11 March 2024

Area or location: Golden Highway, Devland, Soweto

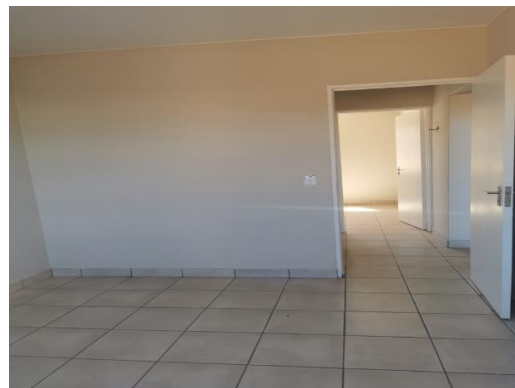
No units expected 2023/2024: 162 units

Budget allocated this FY: R 14 000 000.00

Monitoring Tool	July	August	September
Capex Expenditure (R)	0	3 819 345.71	255 845.97
SMME Expenditure (R)	0	351 312.03	0
Project Progress (%)	87	90	93
EPWP	0	0	0

Comments on Project Performance:

The project has reached practical completion. Building inspectors are due to inspect in January after builder's break for the issuing of the occupation certificate.



RIVERSIDE VIEW SOCIAL HOUSING

Start date: 1 November 2023

Planned Completion date: 4 December 2024 (phase 2;184 units)

Area or location: Region A, North of CoJ, Riverside View

No units expected 2023/2024: 0 units

Budget allocated this FY: R 50 000 000.00

Monitoring Tool	October	November	December
Capex Expenditure	R 0,00	R 5 179 234,22	R8 970 241,20
SMME Expenditure	R 0,00	R 43 456,00	R 67 435,00
Project Progress	0%	5%	14,10%
EPWP	0	127 labourers (105 local)	0

Comments on Project Performance:

Site Clearance and Site establishment was on the 18 October 2023, with construction commencing 1 November 2023. The contractor is busy with Earthworks and foundations.

UPGRADES TO EXISTING WORKS

CITY DEEP MINOR WORKS

Start date: 13 January 2023

Planned Completion date: 30 January 2024

Area or location: City Deep, Inner-City Johannesburg

No units expected 2022/2023: 0-units.

Budget allocated this FY: R5 000 000.00

Monitoring Tool	October	November	December
Capex Expenditure	R900 000, 00	R0,00	R0,00
SMME Expenditure	R0,00	R0,00	R0,00
Project Progress	99%	99%	99%
EPWP	0	0	0

Comments on Project Performance:

The project has achieved Practical Completion. The team is currently compiling documents to be submitted with the request for inspection before end January 2023.

DOBSONVILLE (SEWER WORKS)

Start date: 07 July 2023

Planned Completion date: 30 January 2024

Area or location: Dobsonville, Soweto, Johannesburg

No units expected 2023/2024: 0.

Budget allocated this FY: R 5 000 000.00

Monitoring Tool	October	November	December
Capex Expenditure	R 0,00	R0,00	R0,00
SMME Expenditure	R0,00	R0,00	R0,00
Project Progress	90%	90%	90%
EPWP	0	0	0

Comments on Project Performance:

Sewer Works: Project is completed. We are waiting for inspection from JRA and JW to approve the work done, then issue COCs. Once all the COC are obtained a submission will be made to the Chief Building Inspector followed by a request for inspection to issue OC. This is planned to be achieved by end of January 2023.

Encroachment: JOSHCO has obtained a court order for one of the two outstanding houses. The sheriff has issued a quotation to carry out the demolition, we are currently waiting for development planning to issue a date for the demolitions to be carried out. One last matter is still in court.



5.1.3. PROJECTS UNDER PLANNING STAGE

Completed		In progress		Not yet in place		Not applicable		PROJECT READINESS MATRIX																											
PROJECTS	TOWN PLANNING				STUDIES						LAND ISSUES				DESIGN APPROVALS			TENDER AWARD			SLA														
	Professionals Appointed	Township Established	Proclamation of Township Est.	Zoning /Rezoning	Consolidation and sub-division	Registration with SC	Registration with Deeds Office	Special Power of Attorney	Detailed Feasibility Study	Market Study	Environmental Impact Assessment	Traffic Impact Study	Services Report	Geotech	Structural Assessment	Land Survey	Topographical survey	Social Facilitation	Board/Council Resolution	Land Transfer or Lease	Deed of Donation	Service Level Agreement	Land Availability Agreement	Encroachment /Invasion	SDP	Building Plans	Services Design	Documentation	Advertisement	Application	IMPLEMENTATION STAGE	Contract Signed			
GREENFIELD																																			
Marlboro Social Housing Project																																			
Randburg Selkirk																																			
Lufhereng Phase 2																																			
Lombardy East																																			
Marlvern																																			
Kelvin																																			
Milpark Social Housing/Frank Brown Park																																			
Turnkey 3 - Denver (Jeppetown)																																			
BROWNFIELDS																																			
CasaMia Renewal Building Alterations																																			
280 Smit Street																																			
38 Rissik Street																																			
Park Chambers																																			
Booyensens Street Inner City Conversion																																			

RANDBURG SELKIRK

JOSHCO obtained the Landowner consent from JPC for the proposed sewer upgrades. The professional team is finalizing the EIA application, to recirculate the development proposal to Joburg Water to endorse the Section 7(6) application for submission at CoJ.

RIVONIA EDENBURG TURNKEY

JOSHCO has terminated the contract with the Developer for Breach of Contract. There are ongoing discussion between the JOSHCOs legal team and the owner on acquiring the land.

DENVER EXTENSION 20 (JEPPESTOWN)

Awaiting revised comments from both Environmental Infrastructure and Services Department and Transport. Once the comments have been issued, the rezoning application will be finalized.

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

The rezoning application had been submitted to CoJ Development Planning and application is currently in circulation.

5.2 DEVELOPMENT DEPARTMENT KEY PERFORMANCE INDICATORS

5.2.1 UNITS DEVELOPED: WORKS IN PROGRESS (COMPLETE WITHOUT SERVICES)

A total of 450 Units are targeted for delivery under this KPI this financial year, to be achieved from the below projects.

Table 15: Projects that Contribute to the KPI: Work in Progress (WIP)

PROJECT NAME	PLANNED UNITS
Nancefield Project	192
Riverside Turnkey	151
Abel Street	107
TOTAL	450 Units

5.2.2 UNITS COMPLETED: COMPLETE (WITH PC AND OC CERTIFICATES)

A total of 450 Units are targeted for delivery under this KPI in the current financial year. 473 Units are projected for completion from the projects below:

Table 16: Projects that Contributed to the KPI: Complete Units

PROJECT NAME	PLANNED UNITS
Princess Plots	333
106 Claim Street	80
Nederberg Student Accommodation	60
TOTAL	473 Units

5.2.3 SMME EXPENDITURE

The table below reflects the expenditure on SMME's from projects where construction activities were implemented during the first quarter. The amounts captured under Capex spent on construction is based on construction invoices; it therefore excludes professional fees, statutory fees, and other fees not directly related to construction activities.

Table 4: Projects that contributed to the KPI: SMME expenditure.

PROJECT NAME	TOTAL CONSTRUCTION EXPENDITURE	SMME EXPENDITURE	% SPENT
Princess Plots	1 647 508,20	3 780 393,42	229%
106 Claim Street	2 334 341,28	315 000,00	13%
Nancefield	11 443 479,54	-	0%
City Deep	957 270,73	-	0%
Devland	1 573 590,71	109 535,09	7%
Abel Street	2 190 933,29	340 152,14	16%
TOTALS	20 147 123,75	4 545 080,65	23%

Comments on SMME expenditure:

23% SMME expenditure achieved against construction invoices. Additional SMME evidence is expected to be submitted before end of December after payment of SMMES.

5.3 HOUSING MANAGEMENT

The role of the Housing Management business unit at JOSHCO is to provide end-to-end property management which includes maintenance (planned and reactive), lease management (tenant life cycle management) and ensure maximum revenue management in all its rental stock. Housing Management endeavors to attain the KPIs set out before it and diligently attempts to surpass such on a monthly and quarterly basis. The momentum fueled by the ground work done in the first quarter of this financial year is evident in the output of the second quarter. This can be seen in the increased number of reactive maintenance jobs logged that are meant to be done within 14 days – the increased collaboration between the Estate Supervisors, Portfolio Managers and Building Maintenance Contactors (BMCs) is coming to fruition and is increasingly yielding the desired outcomes.

Below are some key performance highlights for Housing Management for 2023/24 Q2:

- The Occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above for the Q2.
- All reactive maintenance requests that have been logged at various estates have been attended to within 14 days of being logged. There is also a maintenance link that is closely monitored where tenants raise their maintenance queries and requests – some requests also emanate from social media platforms and these are also attended to timeously.
- A rapid response team for all emergencies relating to tenant issues or queries has been set up and assists to timeously respond to issues affecting tenants in a coordinated manner.
- All portfolios have been operating within the approved budget for planned maintenance, and the focused approach in relation to service providers has assisted to monitor such costs.
- Some activities that cut across all estates i.e. Servicing of Heat Pumps were centralized in order to contain costs and carry out work in a coordinated manner. This has yielded positive results, resulting in significant reduction of costs incurred compared to the previous financial year. The costs of servicing heat pumps has been reduced by 50% and the use of a single service provider has increased accountability whereas previously there were multiple service providers in a single estate providing various maintenance services. The same approach is going to be utilized for other common routine maintenance i.e. Servicing of fire equipment going forward.

- Play areas (fixing, repairs and installation of new ones) has also been a focus in the various portfolios for Q2, however the completion of some of these has been delayed due to the challenges that were being experienced throughout the City of non-payment of service providers.
- Amidst the continued progress made during Q2 of planned maintenance activities, the period during which service providers could not be paid had a significant impact on major activities i.e. Painting due to the centralized approach used to procure paint in a bid to curb and contain costs.
- Housing Management resolved to order paint in bulk in order to utilize buying power on behalf of all estates – a number of estates were able to received their paint orders and commenced with the painting of the projects. EPWP were trained and will be utilized to paint the various estates, under the supervision of the Building Maintenance Contractor.
- Significant headway was made during Q2 with the enrollment of tenants onto the biometrics systems as well as the deployment of Two-way Radios.
- A total of 320 EPWP job opportunities were created/achieved during Q2, which is significantly higher than the KPI target of 180.

HOUSING MANAGEMENT KEY PERFORMANCE INDICATORS

Housing Management department has five (5) KPIs from the approved JOSHCO Business Plan that should be achieved within this financial year 2023/2024. These KPIs are illustrated in the table below:

TABLE 2: HOUSING MANAGEMENT KPIs

	Target for the year 2023/24	Quarterly target	Quarterly achievement
1.	720 Jobs created through EPWP.	180 Jobs created through EPWP.	Achieved (320)
2.	98% occupancy across available units.	98% occupancy across available units.	Achieved (98%)
3.	4 Tenant Management initiatives implemented by community development.	1 Tenant Management initiative implemented by community development.	Achieved (1)
4.	100% Collection of debtors on current billing.	100% Collection of debtors on current billing.	71%

Focused Maintenance Interventions:

Housing Management had allocated each of its rental properties with a BMC (Building Maintenance Company) at the beginning of the financial year, which is responsible for total maintenance within a project, working side by side with the Estate Supervisor as well as the Portfolio Manager. The comprehensive maintenance needs assessment conducted for each building prior to the start of this financial year has assisted to have a tailored intervention for each estate. In the midst of budget constraints, the benefits of having dedicated maintenance service providers for each facility are very evident, with maintenance costs being relatively better managed through the avoidance of cost spillage and heightened accountability.

5.4 MAINTENANCE

For the 2023/24 financial year, Housing Management underwent an extensive maintenance planning exercise, going into detail on the maintenance requirements for each project under each portfolio. Building Maintenance Companies (BMCs) were requested to provide a maintenance analysis in the form of condition assessments for each building, and this was used as a basis for the maintenance activities that would be undertaken for each project. There are however a number of overarching maintenance activities under planned maintenance that will take place across all projects.

5.4.1 Repairs and Maintenance: Portfolios A-E

At the end of the previous financial year, Housing Management had four (4) portfolios, Portfolios A-D. Portfolio D is mainly comprised of City Referral stock which is anticipated to be moved back to the City. Whilst that process is still underway, there are a number of standard planned maintenance activities that JOSHCO will be engaging in. Portfolio E is the Commercial and Student Accommodation portfolio which is focused on Commercial leases/rental and the management of the student accommodation stock being developed.

The second quarter saw a significant increase in planned maintenance activities due to the fact that most of the ground work was done in the middle and towards the end of Q1. A number of these activities involved some considerable planning and ordering of off-the-shelf materials to carry out the work.

PORTFOLIO A

TABLE 1: UNPLANNED MAINTENANCE

PORTFOLIO A SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	Target %Achieved
AA House	44	10	25	79	79	0	100%
African Diamond	3	4	3	10	10	0	100%
Devland	19	9	49	77	77	0	100%
Europa House	2	0	2	4	4	0	100%
Hoek Street	16	3	17	36	36	0	100%
Raschers	11	7	2	20	20	0	100%
La Rosabel	4	5	2	11	11	0	100%
Textile building	8	6	9	23	23	0	100%
TOTAL JOBS	107	44	109	260	260	0	100%

For the 2nd quarter, there was a total of 260 jobs under reactive maintenance jobs that were logged for Portfolio A. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%. The total cost of reactive maintenance between October 2023 and December 2023 was R1,402,570.05. The total units in Portfolio A are **1,309** with an average maintenance cost of **R357 per unit**, which is significantly lower than the R950 threshold.

PORTFOLIO B

TABLE 2: UNPLANNED MAINTENANCE

PORTFOLIO B SLS	MAINTENANCE CATEGORIES				Turnaround Time Target: 96% within 14 Days turnaround		
	Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days
Bellavista Infill	7	2	8	17	17	0	100%
Bellavista Citrine Court	12	1	16	29	29	0	100%
Kliptown Square	26	1	13	40	40	0	99,9%
Kliptown Golf Course	25	3	11	39	39	0	100%
Phoenix House	6	1	5	11	5	0	100 %
Turfontein	18	10	53	81	81	0	100%
Orlando Ekhaya Flats and family units	15	4	11	31	31	0	100%
Lefhureng	33	3	13	49	49	0	100 %
TOTAL	142	25	130	297	297	0	100 %

For the 2nd quarter, there was a total of 297 jobs under reactive maintenance jobs that were logged for Portfolio B. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%. The total cost of reactive maintenance between October 2023 and December 2023 was **R1,171,395.62**. The units in Portfolio B had an average maintenance cost of **R406 per unit**, which is significantly lower than the R950 threshold.

PORTFOLIO C

TABLE 3: UNPLANNED MAINTENANCE

PORTFOLIO C SLS	MAINTENANCE CATEGORIES				Turnaround Time Target: 96% within 14 Days turnaround		
	Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days
Dobsonville	13	5	14	32	32	0	100%
Fleurhof Junction	33	9	22	64	64	0	100%

Pennyville Communal	10	2	1	13	13	0	100%
Pennyville Flats	5	0	1	6	6	0	100%
Tshedzani Roodepoort	79	9	28	116	114	2	98%
TOTAL JOBS	140	25	66	231	229	2	99%

For the 2nd quarter, there was a total of 231 jobs under reactive maintenance jobs that were logged for Portfolio C. The actual achieved response rate of **99%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96% - only 2 jobs were outside the 14 day mark. The total cost of reactive maintenance between October 2023 and December 2023 was R2,531,233.07. The total number of units in Portfolio C are 2,148 and they had an average maintenance cost of **R392.80 per unit**, which is significantly lower than and within the R950 threshold per unit.

The costs for Q2 in Portfolio C largely involved unplanned maintenance and routine planned maintenance of estates on cleaning material & PPE, painting orders, Training for EPWP programmes on horticulture, waste management, painting including attending to mould in units with installation of dry way technologies, servicing and replacement of heat pumps, servicing fire equipment as well as installation of fencing at Pennyville.

PORTFOLIO D

TABLE 4: UNPLANNED MAINTENANCE

PORTFOLIO D SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
	Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days
Antea Hostel	20	3	3	26	26	0	100%
Bothabela	13	4	2	19	19	0	100%
City Deep Old	22	1	9	32	32	0	100%
City Deep Greenfields	5	6	14	25	25	0	100%
Fleurhof riverside	22	2	3	27	27	0	100%
Jabulani	2	0	2	4	4	0	100%
Klipspruit hostel	0	0	1	1	1	0	100%
Legae	22	0	14	36	36	0	100%
MBV	1	0	2	3	3	0	100%
Orlando west	7	0	2	9	9	0	100%
Riverside view	14	2	5	21	21	0	100%
Selby	23	7	20	50	50	0	100%
TOTAL JOBS	151	25	77	253	253	0	100%

For the 2nd quarter, there was a total of 253 jobs under reactive maintenance jobs that were logged for Portfolio D. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%. Most of the reactive maintenance jobs were plumbing related. The total cost for reactive maintenance for Portfolio D for Q2 was R4,726,671.20 and the average cost of maintenance per unit was R642.

PORTFOLIO E

TABLE 5: UNPLANNED MAINTENANCE

PORTFOLIO E SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
	Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days
Union Square	8	6	7	21	0	0	100%
TOTAL JOBS	8	6	7	21	0	0	100%

For the 2nd quarter, there was a total of 21 jobs under reactive maintenance jobs that were logged for Portfolio E. The actual achieved response rate of **100%** is for jobs logged and completed within 14 days and is higher than the SLS target of 96%. Most of the reactive maintenance jobs were plumbing related. A total of R146,328.42 was incurred for reactive maintenance in Portfolio E for the quarter.

Overall SLS summary

- The total number of Plumbing work jobs for Q2 was **548** which is equals to 51,60% of the total reactive maintenance work for 2023/24: Q2.
- Electrical work constituted **125 jobs** which is equals to 11,77% of the total reactive maintenance work for 2023/24: Q2.
- General repairs was **389 jobs** which is equals to 36,63% of the total work for 2023/24: Q2.
- There was a total of **1,062** reactive maintenance jobs logged across all portfolios for Q2.

Planned Maintenance

The planned maintenance (inclusive of Routing Building Maintenance) activities come about by way of the planned maintenance budget compiled by Housing Management and submitted to EXCO for approval. Normally the budget is approved for the full financial year, however due to financial constraints this year, a quarterly approach was taken this financial year where the budget is to be presented to the Chief Operations Officer and Chief Financial Officer for the quarter at hand. It is important to note that these planned maintenance activities are different to the Building Condition Assessments (BCAs) conducted for purposes of major upgrades or refurbishments. Each portfolio has a maintenance plan (accompanied by an approved budget) compiled at the beginning of the financial year which comprises of both reactive (unplanned) maintenance as well as planned maintenance activities.

Below is a high level summary of the planned maintenance activities that have been carried out during this quarter:

Portfolio	Summary of activities
Portfolio A	<ul style="list-style-type: none"> • Servicing of Fire Equipment (AA House) • Condition Assessment (African Diamond) • Installation of Solar Lights (Devland) • Pest Control & Fumigation (Devland) • Condition Assessment (Europa House) • Servicing, replacements and repairs of main fans (Hoek Street) • Procurement of painting material and PPE for EPWP (La Rosabel) • Serving and installation of fire equipment - OHSA (Textile Building)
Portfolio B	<ul style="list-style-type: none"> • Servicing of fire equipment (Bellavista Infill) • Servicing of fire extinguishers (Kliptown Golf course) • Landscaping and gardening materials (Kliptown Square) • Fixing of DB boxes (Kliptown Square) • Repair and installation of recreational equipment (Kliptown Square) • EPWP Training – Waste Management, Cleaning, Pest Control, Health and Safety (Lufhereng) • Servicing of fire equipment (Phoenix House) • Weed Control (Turffontein) • Servicing of Heat Pumps (Turffontein) • Cleaning material for 6 months (Bellavista Infill) • Landscaping and gardening material (Kliptown Square) • Installation and securing of DB boxes (Kliptown Square) • Procurement of paint (Orlando Family Units) • Training of EPWP for gardening services (Turffontein) • Installation of steel stairs and hand rails (Turffontein) • Procurement of paint (Turffontein)
Portfolio C	<ul style="list-style-type: none"> • Servicing and repairs of all heat pumps (Dobsonville). • Installation of new DSTV switches and trunking in all blocks (Dobsonville). • Services and repairs of Heat Pumps in all phases (Fleurhof Junction). • Servicing of all fire extinguishers and hoses in all common areas (Pennyville Communal Family units). • Gardening materials and equipment for EPWP (Roodepoort Tshedzani).
Portfolio D	<ul style="list-style-type: none"> • Servicing of fire equipment hoses, fire hydrant and extinguishers (Fleurhof Riverside). • Fixing of common area lights and installation of new switch (City Deep Greenfields). • Installation of missing fire extinguishers (Fleurhof Riverside). • Quarterly servicing of Heat Pumps (City Deep Greenfields). • Servicing of fire equipment (Selby Village).

	<ul style="list-style-type: none"> • Servicing of Heat Pumps (Legae). • Waterproofing of Blocks H&J (Fleurhof Riverside). • Landscaping/grass cutting (Athea Flats). • Serving of Heat Pumps (Fleurhof Riverside). • Servicing of fire equipment, hoses, fire hydrant and extinguishers (Botlabela). • Procurement of cleaning materials and consumables (All projects).
Portfolio E	<ul style="list-style-type: none"> • Servicing of domestic water supply system and water pumps (Union Square). • Procurement of cleaning materials and consumables.

5.5 STAKEHOLDER MANAGEMENT

The Stakeholder Relations Management unit has three KPIs as demonstrated in the table below:

Table : Stakeholder Relations Management KPIs:

No.	KPI	Target	Monthly target	Actual	Difference %	Mitigation
1.	Complaints responded to within 5 working days	5 working days	100%	100%	0	None
2.	Corrective actions against identified risks	95%	95%	100%	0	None

5.5.1 COMMUNICATE EVICTION BEFORE EXECUTION JOSHCO

Eviction communication will be standard as per the resolution by the JOSHCO eviction committee. Communication will be centered in the Stakeholder Relations Management division in the office of the Chief Operations Officer. There was no eviction carried out in this quarter.

5.5.2 FAILURE TO DELIVER CAPITAL PROJECT ON TIME JOSHCO

A comprehensive community engagement plan had been developed to mitigate this risk. The plan is focused on the broader JOSHCO stakeholders. The purpose of the plan is to ensure that are JOSHCO stakeholders are covered and engaged accordingly. This is a proactive action which is an improvement from the previous years where JOSHCO was reactive after the fact. There is no project stoppage in this quarter.

5.5.3 INADEQUATE CUSTOMER ENGAGEMENT

Stakeholder Relations Management has intensified its engagement with tenants. However, there is a various resistance from tenants to elect new committees that will be in accordance with JOSHCO set criteria. JOSHCO criteria is in line with the Rental Housing Act 50 of 1999. The resistance is coming from a formation called Social Housing Movement (SHM). Stakeholder will propose a new approach to address this KPI based on the reaction from tenants on the ground.

5.5.4 ADHOC AND AROUND TABLE MEETINGS

JOSHCO Stakeholder Relations Management is expected to have both the ad-hoc and around table meetings with JOSHCO various stakeholders. For the second quarter of 2023/2024, the following meetings were held:

	Date	Place	Purpose of meeting
1.	21 st October 2023 (Saturday)	Orlando Ekhaya	DEVLAND, ORLANDO EKHAYA, and KLIPTOWN SQUARE: TENANTS PARTICIPATION FRAMEWORK WORKSHOP.
2.	Tuesday, 24th October 2023	Pennyville	Meeting with SMMEs
3.	25 th October 2023	Lufhureng	Ad-hoc meeting: The purpose of the meeting was to follow up on key issues raised during the 16th September 2023, Tenants' Education and Training.
4.	26 October 2023	Abel Street	Ad-hoc meeting: The purpose of the meeting was to respond to the Cllr of Ward 64, following a successful public participation process in the Ward (Abel Street).
5.	26 October 2023	JOSHCO Head Office	SHM Memo: Social Housing Movement delivered their memorandum of demands to JOSHCO Head Office on the 26TH October 2023 at 12H00. The memorandum was received by the JOSHCO COO and the CEO.
6.	04 November 2023	Dobsonville	Tenant Participation: The purpose was to empower tenants on why it necessary for them to elect new committees in line with the JOSHCO proposed criteria.
7.	10 November 2023	Selby Hostel	The purpose of the meeting was to discuss the living conditions of tenants in the Selby communal rooms.
8.	14 November 2023	Roodepoort Tshedzani	The purpose of the meeting was to discuss the legitimacy and recognition of the current committee members.
9.	16 November 2023	JOSHCO Head Office	The Casa Mia building's illegal occupants visited JOSHCO Head office after receiving eviction court order - the purpose was to give them audience to understand their issues.
10.	18 November 2023	Dobsonville	The purpose of the meeting was to provide feedback from the previous meeting as agreed on the 4TH November 2023.
11.	23 November 2023	Union Square	The meeting was convened by JOSHCO to provide Union Square tenants with an update on the

			progress achieved regarding maintenance for both Quarter 1 and Quarter 2.
12.	02 December 2023	Riverside View	The primary objective of the training session was to enlighten JOSHCO tenants about essential aspects of their tenancy, including both their responsibilities and the obligations of the landlord.
13.	05 December 2023	COJ	The purpose of the meeting was to discuss in-depth understanding of respective business unit landscape.
14.	09 December 2023	Legae	The purpose of the training workshop is and will be to empower both internal and external stakeholders regarding JOSHCO's house rules, Tenant and Landlord's rights and responsibilities.

5.6 RENTAL AND LEASE APPLICATIONS UNIT OCCUPANCY LEVELS

The overall occupancy rate for residential rental stock is 99% for regulated projects and 98% for non-regulated (City) projects, translating to a vacancy rate of 1% and 2% respectively for 2023/24: Q2.

Table: Service Level Standards

#	Total target for the year 2022/23	Quarterly Target	Quarterly Achievement
1.	Enhance sustainability through a 98% occupancy rate.	98% occupancy rate at SHRA funded projects.	99.00%
2.	Enhance sustainability through a 98% occupancy rate.	98% occupancy rate at CITY OWNED Facilities funded projects.	98%
3.	Application of rental housing outcome communicated within 10 working days.	Outcome of enquiry to be sent to application within 10 working days.	3 working days
4.	Enquiries of rental housing responded to within 5 working days.	Outcome of the application communicated within 5 working days.	3 working days

5.6.1 REGULATED RENTAL STOCK (99%)

Estate Name	Number of Units available	Number of occupied units	Occupancy %
City Deep New	329	327	99%
Devland	255	254	100%
Dobsonville	502	500	100%
Fleurhof Ph. 1	452	447	99%
Fleurhof Ph. 2	252	248	98%
Kliptown Square	478	477	100%
Pennyville (Flats)	198	191	96%
Riverside View	180	177	98%
Roodepoort Tshedzani	432	430	100%

Turfontein	525	523	100%
Lufhereng	406	375	92%
TOTAL	4,009	3,949	99%

5.6.2 NON-REGULATED (CITY) RENTAL STOCK (98.00%)

Estate Name	Number of Units available	Number of occupied units	Occupancy %
AA House	254	251	99%
African Diamond	61	58	95%
Antea	409	355	87%
Bellavista Infill	36	35	97%
Bothlabela	521	521	100%
Citrine Court	79	77	97%
City Deep Old	425	411	97%
Europa House	167	163	98%
Hoek Street	265	261	98%
Klipspruit (Beds)	54	54	100%
Kliptown Golf C	936	929	99%
La Rosabel	50	49	98%
MBV	188	185	98%
Legae	92	92	100%
Orlando Ekhaya 2	190	186	98%
Orlando Ekhaya 1	102	99	97%
Pennyville Rooms	564	562	100%
Phoenix House	135	135	100%
Rashers' Building	95	92	97%
Selby Rooms	19	17	89%
Selby Units	256	253	99%
Textile Building	162	152	94%
Union Square	341	339	99%
TOTAL	5,401	5,276	98%

5.6.3 COMMERCIAL TENANCY

Rentable commercial spaces	Occupancy	Vacancy
53	49	4
ETERNA NETWORK SPACES		
2	0	2
OUTDOOR ADVERTISING		
Phoenix	2	0
AA house	1	0
Randburg	1	0
Union Square	1	0
61 Juta Street	1	0

Wolmarans	1	0
DAYCARE CENTRES		
Antea x1 space	1	0
Bohlabela Alex x1 space	1	0
STUDENT ACCOMADATION		
Wolmarans Student Accommodation X182 units	182	0

Commercial Space Summary

Joshco has 53 commercial spaces that are rentable. The total vacancy is 4 Shop spaces, 7 Advertisements sites, and 2 Daycare Centres. This amounts to a total occupancy rate is 90% and collection rate is 95%.

A Commercial allocations committee has been setup and the Terms of References that will govern this structure have also been compiled. The main purpose of this committee is to review all commercial applications on a case-by-case basis and comprises of the Portfolio Manager looking after the Commercial portfolio and representatives from Leasing and Revenue Management.

5.7 SECURITY REPORT

5.7.1 One of the main focus areas of security management for Q2 has been the rollout of biometrics throughout the various estates, with lease holders being enrolled onsite. The enrollment of tenants onto the biometrics system will ensure that there is enhances safety of tenants at various estates and this will also assist with the monitoring of illegal occupants. Below is a summary table of the progress and headway made during the second quarter of this financial year:

Table 5. 7.1.: Biometric rollout progress

Project Name	Progress Update	Comments
CHELSEA	<ul style="list-style-type: none"> Installed 02x new readers on turnstiles for exit and entrance. 01x Magnet & close closer on the side manual gate. Installed 02x manual buttons. New PC with the software up and running. 	<p>System active</p> <p>Tenant enrolment done. The building has been condemned as unsafe for human inhabitancy and tenants are being relocated to other projects</p>
LaRosabel	<ul style="list-style-type: none"> Installed 02x new readers on turnstiles for exit and entrance. 01x Magnet & close closer on the side manual gate. Installed 02x manual buttons. New PC with the software up and running. 	The system is activated, and tenants were enrolled.
MBV	<ul style="list-style-type: none"> Installed 02x new readers on turnstiles for exit and entrance. 01x Magnet & close closer on the side manual gate. Installed 03x manual buttons. New PC with the software up and running. 	<p>System in place.</p> <p>Tenants not enrolled because most of them are illegal occupants.</p>
Hoek Street	<ul style="list-style-type: none"> Activated 04x new readers on two turnstiles for exit and entrance. 01x Magnet & door closer on the side pedestrian gate. 01x Magnet & door closer on the outside pedestrian gate. Installed 02x manual buttons. 	<p>Assessment done - Quotation</p> <p>Basement cameras not working.</p>

	<ul style="list-style-type: none"> • Old PC with the software up and running. • 01x spare PC supplied. 	
Europa House	<ul style="list-style-type: none"> • Installed 04x new readers on two turnstiles for exit and entrance. • 01x Magnet & door closer on the side manual gate. • Installed 05x manual buttons. • PC with the software up and running and 01 new spare PC supplied. 	System activated and working
Raschers	<ul style="list-style-type: none"> • Installed 02x new readers on turnstiles for exit and entrance. • 01x Magnet & door closer on the side manual gate. • Installed 03x manual buttons. • New PC with the software up and running. 	The manual gate needs to be aligned (Maintenance). Assessment done - Quotation
AA House	<ul style="list-style-type: none"> • Activated 02x new readers on turnstiles for exit and entrance. • 01x Magnet & door closer on the side manual gate. • Installed 03x manual buttons • Old PC with the software up and running • 01x spare PC supplied 	System is working
Union Square	<ul style="list-style-type: none"> • Activated 04x new readers on turnstiles for exit and entrance. • 01x Magnet & door closer on the side manual gate. • Installed 03x manual buttons. • Old PC with the software up and running. • 01x spare PC supplied. • Installed 02x readers on the gates at back of house passage leading to Liquor shop. 	02x Readers for the vehicle parking to be fixed. Software to be upgraded (Technician waiting for new software license).
Textile	<ul style="list-style-type: none"> • Activated 02x new readers on turnstiles for exit and entrance. • 01x Magnet & door closer on the side manual gate. • Installed 03x manual buttons. • Old PC with the software up and running. • 01x spare PC supplied. 	System activated and working.
African Diamond	<ul style="list-style-type: none"> • Activated 02x new readers on turnstiles for exit and entrance. • 01x Magnet & door closer on the side manual gate. • Installed 01x reader on the side gate. • Installed 03x manual buttons. • Old PC with the software up and running. • 01x spare PC supplied. 	System Activated and working.
Phoenix	<ul style="list-style-type: none"> • Installed 02x new readers on turnstiles for exit and entrance. • 01x Magnet & door closer on the side manual gate. • Installed 03x manual buttons. • New PC with the software up and running. 	External reader not working properly, and the screw need to be tightened. (Technician) Assessment done – Quotation.
Selby Village	<ul style="list-style-type: none"> • Installed 02x new readers on turnstiles for exit and entrance. • Installed 01x reader on the Exit gate. • Installed 01x reader on the Entrance gate. • Installed 03x manual buttons. • New PC with the software up and running. • Fibre was installed. 	System activated and operational. Enrolment of tenants should start, Afresh as some of tenants are illegals.
Turfontein	<ul style="list-style-type: none"> • Activated 02x new readers on four turnstiles for exit and entrance. • Installed 02x reader for the automated booms on the entrance gate. • Installed 03x reader for the automated booms on the exit gate. • Installed 03x manual buttons. • New PC with the software up and running. • Fibre was installed. 	System activated and operational.
Bellavista Infill	<ul style="list-style-type: none"> • Installed 02x readers for the side manual gate. 	System is working
Bellavista Citrine Court	<ul style="list-style-type: none"> • Installed 02x readers for the gate. • Installed 04x readers on two turnstiles. • Installed 05x manual buttons. • 01x magnet & door closer on the side manual gate. 	The system is working

City Deep	<ul style="list-style-type: none"> Activated 06x readers for the main gate. Installed 06x readers on two turnstiles. Installed 02x manual buttons. 01x magnet & door closer on the side manual gate. New PC with the software up and running. 	<p>System was repaired but never activated as the community was against the use of it.</p> <p>Phase 3 reader was bumped and damaged. Phase 1 reader was bumped and damaged, need to be repaired</p>
Antea Hostel	<ul style="list-style-type: none"> Installed 02x new readers on turnstiles for exit and entrance. Installed 02x manual buttons for the turnstiles. Old PC with the software up and running. 01x spare PC supplied New PC with the software up and running. 	All readers were damaged by the community. Installation needs to be redone.
Fleurhof Riverside	<ul style="list-style-type: none"> Installed 04x readers for the turnstile gate. Installed 01x exit readers for the gate. Installed 04x manual buttons. New PC with the software up and running. 	Tenants refused to be loaded.
Roodepoort Tshedzani	<ul style="list-style-type: none"> Installed 01x exit reader for the gate at phase 04. Installed 02x reader for the pedestrian gate. 01x magnet & door closer on the side manual gate. New PC with the software up and running. 	Tenant not loaded as they refused to be loaded.
Klipspruit Hostel	<ul style="list-style-type: none"> Installed 02x readers for the gate. Installed 02x readers on for the turnstiles. Installed 02x manual buttons. New PC with the software up and running. 	Tenant enrolment not yet done.
Bokamoso - Devland	<ul style="list-style-type: none"> Installed 01x reader for the exit and 01x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. Installed 04x manual buttons. 01x magnet & door closer on the side manual gate. 	<p>System activated.</p> <p>Tenant enrolment completed.</p>
Orlando Ekhaya	<ul style="list-style-type: none"> Installed 01x reader for the exit and 01x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. Installed 04x manual buttons. 01x Magnet & door closer on the side manual gate. 	<p>System activated.</p> <p>Tenant enrolment not yet done - Communication to be sent out and enrollment to commence.</p>
Kliptown Square	<ul style="list-style-type: none"> Installed 01x reader for the exit and 01x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. Installed 04x manual buttons. 01x Magnet & door closer on the side manual gate. 	<p>System activated.</p> <p>Tenant enrolment not yet done - Communication to be sent out and enrollment to commence.</p>
Legae	<ul style="list-style-type: none"> Installed 01x reader for the exit and 01x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. Installed 04x manual buttons. 	<p>System activated.</p> <p>Tenant enrolment ongoing.</p>
Lufhereng	<ul style="list-style-type: none"> Installed 01x reader for the exit and 01x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. 02 Remote buttons. 	<p>System activated.</p> <p>Tenant enrolment ongoing (690 already enrolled).</p>
Dobsonville	<ul style="list-style-type: none"> Installed 02x reader for the exit and 02x reader for entrance gate. Operating automated gates and the booms. Activated 04x readers on two turnstiles. 02 Remote buttons. 01 Magnet installed at side gate. 	Tenants' enrolment not yet done.

Botlhabela Village	<ul style="list-style-type: none"> • Installed 02x reader for the exit and 02x reader for entrance gate. Operating automated gates and the booms. • Activated 04x readers on two turnstiles. • 01 Magnet installed at side gate. 	System activated. Tenants refused to be loaded onto the system.
50 Durban Street	<ul style="list-style-type: none"> • No biometric system installed yet. 	
16 Wolmaraans	<ul style="list-style-type: none"> • Installed 02x facial readers for the exit and entrance turnstiles. • Automated gates operating from security office. 	System working
Nederburg	<ul style="list-style-type: none"> • No biometric system installed yet. 	

5.7.2.

Table 5.7.2.: Two-way Radio deployments progress update

Project Name	Progress Update	Comments
LaRosabel	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working
Nederburg	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working
AA House	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working
Europa	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working
Raschers	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working
Phoneix	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working
Selby village	<ul style="list-style-type: none"> • 3X Inrico Portable Radios 	Working
Orlando Ekhaya	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working
Kliptown Golf Course	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working
Roodepoort	<ul style="list-style-type: none"> • 1X Base Radio and 3X Inrico Portable Radios 	Base Radio Waiting for Technician to check connection 3X Radios Working.
Fluerhof Junction	<ul style="list-style-type: none"> • 1X Base Radio and 4X Inrico Portable Radios 	Base Radio Waiting for Technician to check connection. 4x Portable Radios working
Fluerhof Riverside	<ul style="list-style-type: none"> • 2X Inrico Portable Radios 	Working
Klipspruit Hostel	<ul style="list-style-type: none"> • 1X Inrico Portable Radio 	Working

5.8 COMMUNITY DEVELOPMENT

JOSHCO Community Development is aimed at working together with the tenants, to improve the livelihood of the tenants. Its programmes are uniquely placed to assist in the Social, Economic Development. The Unit utilizes organisational resources as a strategic enabler for Community development, to improve the quality of life and tenant participation through various community initiatives and interactions. The resources are focused on the following:

- EPWP Job creation programme.
- Outreach programmes (GBV, substance abuse / drugs awareness, 16 days of activism, youth day celebrations).
- Early childhood development programmes.
- Youth and children programmes e.g. Back to school drive.
- Recreational facilities.
- Food Security programmes.
- Psycho-social support to JOSHCO tenants.

5.8.1 PROJECTS AND EVENTS

Parenting Workshop

The workshop was conducted on the 25th of October 2023 at AA House project within our Inner-city buildings. The main purpose of this initiatives was to empower the parents on parental skills, especially when dealing with teenagers and community-based violence prevention and linkages for responses. The workshop was conducted by Department of Social Development (DSD) and NACOSA. The other focus was on HIV and GBV Community Based Prevention,

On the 29th of October 2023, the session that was conducted was on the “NO MEANS NO session” and Sexual reproductive health and financial literacy. Both the session was concluded by issuing out certificates and 22 dignitary packs to all the participants who completed.





5.8.2 PARTNERSHIPS

Partnerships was established with Social Development – Training & Development and COJ- Skills Development, for skills development programmes.

Project Name	Engagement Date	Type of engagement
Food Resilience Unit – Dept of Social Development	October 2023	Food Security Programme – Rooftop gardens.

5.8.3 FOOD Security Programme

Site visits were conducted at AA House and Textile buildings for rooftop gardening during this month with Food Resilient Unit for food security programmes. The AA house rooftop garden has commenced immediately after the site visit was conducted.

Rooftop garden – AA House



Textile Building



5.9 Expanded Public Works Programme (EPWP)

The EPWP is one of government strategies aimed at addressing unemployment. The fundamental strategies are to increase economic growth so that the number of new jobs created starts to exceed the number of new entrants into the labour market and to improve the education system such that the workforce can accept the skilled work opportunities that economic growth will generate.

The EPWP's aims to ensure that significant of the unemployed are drawn into productive work and gain skills while they work. The programs provide poverty and income relief through EPWP Participant work opportunities for the unemployed to conduct useful activities.

The JOSHCO Community Development currently manages EPWP contracts of workers that provide services of administration, cleaning, gardening, painting, and waste management.

Table 9.1: No. of jobs created in 2023/24:Q2

EPWP Q2 REPORT-2023					
PROJECT NAME	SERVICES	OCT	NOV	DEC	
AA HOUSE	Cleaning	3	1		
ANTEA	W/Management	6			
BELLAVISTA	W/ Management	1			
BOTHLABELA	W/ Management	4			
	Gardening	4			
	Admin		1		
CITY DEEP	W/ Management	23			
	Cleaning	20			
DEVLAND	Painting	0	0	5	
DOBSONVILLE	Security		4		
FLEURHOF JUCTION	W/Management	6			
	Horticulture	6			
	Painting		16		
					320

HEAD OFFICE	Admin	8	25	4
HOEK	W/Management	11		
KLIPSPRUIT HOSTEL	Cleaning		3	
	Gardening	5		
KLIPTOWN GOLF	Gardening		10	
KLIPTOWN SQUARE	Security		3	
LA ROSABEL	W/Management	5		
LEGAE	Pest Control	5		
LUFHURENG	Security	10		
	Gardening	13		
	Admin		1	
MADALA HOSTEL	Security	8		
MALBORO	Security		4	
MBV	Cleaning	9		
PENNYVILLE	Gardening	20		
	W/Management	10		
	Cleaning	16		
TEXTILE	W/Management	1		
SELBY	W/Management	6	1	
TSHEDZANI	W/Management	10		
	Horticulture	8		
	Security		11	
TURFFONTEIN	Admin		1	
UNION SQUARE	W/Management	10		
	Cleaning		1	
	Painting		1	
TOTAL		228	83	9

NB: The total number of jobs created for Quarter 2 is 320

Table 8.2: No. of jobs created per programme

ADMIN	SECURITY	GARDENING	PAINTING	CLEANING	WASTE MAN	PEST CONT	HORTI
40	40	52	22	53	94	5	14
TOTAL	320						

CHAPTER 4

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration costs.

Table 27: Personnel Cost by Occupational Level as at 31 December 2023

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
Top Management (CEO, CFO, COO)	3	2 548 424,30	5%	849 474,77
Executive Managers	1	1 134 941,52	2%	1 134 941,52
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	29	7 434 728,73	14,63%	256 369,96
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint. Worker and Admin)	113	14 474 953,92	28%	128 096,94
Semi-Skilled (Driver, Receptionist, Call Center Agents)	5	296 881,77	1%	59 376,35
Internship	8	181 302,07	0%	22 662,76
Unskilled (Security Officers and Cleaners)	343	14 098 979,95	28%	41 104,90
EPWP	809	10 650 789,51	21%	13 165,38
Total	1 311	50 821 001,77	79%	38 765,07

Note: The salary costs include costs for all permanent, fixed-term employees and excludes board fees.

SECTION 2: KEY VACANCIES

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

Table 28: Acting Appointments

Designation	Current – Acting Role	From	Comments
Chief Operations Officer (Joburg Market secondment)	Chief Executive Officer	01 April 2023 to 16 December 2023	Acting because of suspension
HR Manager	Executive Manager: Corporate Services	01 October 2023 to 31 December 2023	Acting because position is vacant

HR Officer	HR Manager	01 November 2023 to 31 December 2023	Acting because the current incumbent is Acting in a senior position.
Compliance Specialist	Company Secretary	01 October 2023 to 31 December 2023	Acting because the position is vacant
Housing Supervisor	Portfolio Manager	06 November 2023 to 05 February 2024	Acting because the incumbent is on Maternity Leave
Internal Auditor	Senior Internal Auditor	01 December 2023 until the position is filled	Acting because the position is vacant
Security Officer	Security Manager	13 December 2023 to 12 January 2024	Acting because the incumbent is on Annual Leave
Communication Officer	Marketing and Communications Manager	19 December 2023 to 31 January 2024	Acting because the incumbent is on Annual Leave

Table 29: Finalised Appointments

Position	Vacancies	New Position/ Replacement	Status
Risk Officer	1	Replacement	Finalised
Legal Officer Construction	1	New Position	Finalised
Legal Officer Litigation	1	New Position	Finalised
Office Attendant	4	New Position	Finalised
Call Center Agents	1	New Position	Finalised
Compliance Officer	1	Replacement	Finalised
HR Officer Labour Relations	1	Replacement	Finalised
Marketing Officer Digital Media	1	New Position	Finalised
Graphic Designer	1	New Position	Finalised
Business Performance Reporting Specialist	1	New Position (<i>internal appointment</i>)	Finalised
Administrator	1	New Position	Finalised
Program Manager: Planning	1	Replacement (<i>internal appointment</i>)	Finalised
Program Manager: Implementation	1	Replacement (<i>internal appointment</i>)	Finalised
Town Planner	1	Replacement	Finalised
Community Development Officer	1	New Position	Finalised
Infrastructure Security Technician	1	New Position	Finalised
Allocations and Tenant Management Officer	2	New Position	Finalised
Total	21		

Table 30: Recruitment in Progress

Position	Vacancies	New Position/ Replacement	Status
Chief Financial Officer	1	Replacement	Advert Stage
Executive Manager: Corporate Services	1	Replacement	Advert Stage
Senior Internal Auditor	1	Replacement	Advert Stage
Specialist Pre-Legal Recoveries	1	New Position	Advert Stage
Specialist Projects Bookkeeper	1	New Position	Advert Stage
Manager Research and Knowledge Management	1	New Position	Advert Stage
Specialist: Commercial and Student Accommodation	1	New Position	Shortlisting Stage
Social Facilitator	4	New Position	Shortlisting Stage
Pre-Legal Recoveries Officer	4	New Position	Shortlisting Stage
Billing Officer	1	New Position	Shortlisting Stage
Occupational Health and Safety Agent	1	New Position	Offer Stage
Quantity Surveyor	1	New Position	Offer Stage
Property Supervisor	5	New Position	Offer Stage
ICT Service Desk Technician	1	New Position	Interview Stage
Active Directory and Exchange Technician	1	New Position	Offer Stage
Community Development Officer	1	New Position	Offer Stage
Call Center Agent	1	New Position	Offer Stage
Human Resource Officer: Payroll	1	New Position	Offer Stage
Internal Audit Manager	1	Replacement	Offer Stage

Compliance Officer	1	Replacement	Advert Stage
Facilities Officer	1	New Position	Advert Stage
Records Officer	2	New Position	Advert Stage
Fixed Assets and Contracts Management Manager	1	New Position	Advert Stage

TERMINATIONS

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

Table 31: Terminations

Department	Reason	End Date
Housing Management	Retirement	31 October 2023
Business Planning and Strategy	Resignation	31 October 2023
Internal Audit	Resignation	30 November 2023
Revenue	Retirement	31 December 2023
Total: 4		

SECTION 3: EMPLOYMENT EQUITY

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

3.1. EMPLOYEE EQUITY AND SKILLS DEVELOPMENT (EE/SD)

There was no meeting scheduled for the reporting period.

3.2. REPORTING

The quarterly monitoring report as required by the City of Joburg will be submitted in line with the due date.

3.3. EE PROFILE

- Our Employment Equity (EE) profile remains predominantly the same as the previous quarter and is highly skewed towards Africans.
- Currently, JOSHCO employs three (3) people with disability (PWD). This number is still significantly lower

than the target set of having at least 10 employees with a disability.

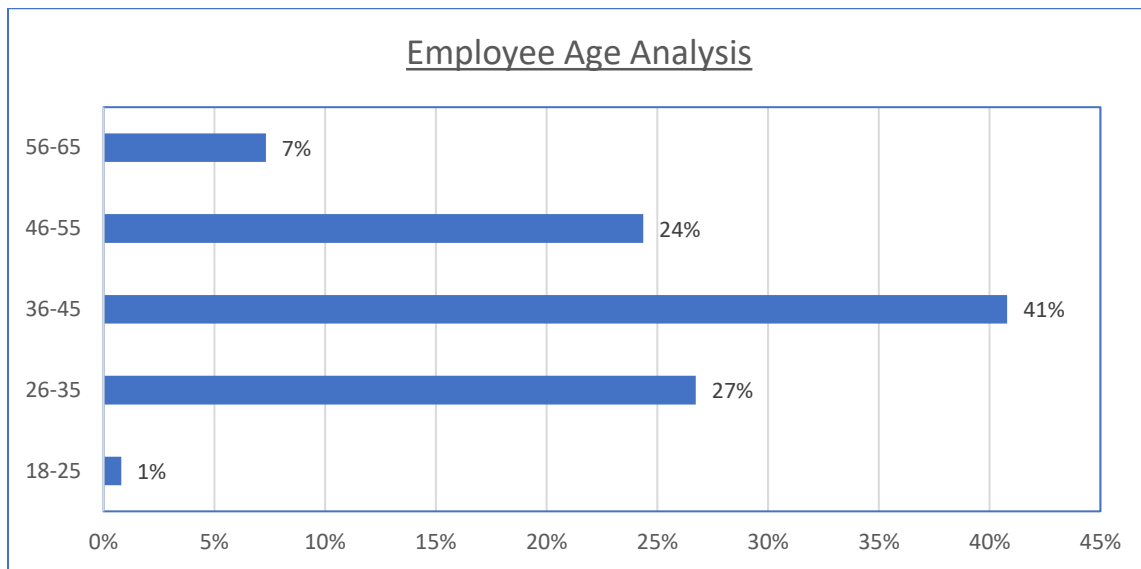
- There are ongoing recruitment processes which will result in the employment of a person with a disability.
- The female gender representation within the entity has improved from the previous quarter. It has increased to 57%.
- Table 32 below reflects the EE profile of the organisation.

Table 32: Employee Equity Numbers

Employment Equity Profile																
Occupational Level	Male				Female				Foreign Nat.		Local		Grand Total	Racial % Profile	Female Gender Representation % Achievement	
	A	C	I	W	A	C	I	W	M	F	M	F				
Top Management	2	0	0	0	1	0	0	0	0	0	2	1	3	100%	33%	
Senior Management	0	0	0	0	1	0	0	0	0	0	0	1	1	100%	100%	
Professionally Qualified / Middle Management	17	0	0	2	13	0	1	0	1	1	18	13	33	94%	39%	
Skilled Technically and Academically Qualified	48	3	0	0	60	2	1	1	0	0	51	64	115	99%	56%	
Semi-Skilled	2	0	0	0	2	1	0	0	0	0	2	3	5	100%	60%	
Unskilled	156	2	0	0	184	4	0	0	0	0	158	188	346	100%	54%	
Total	225	5	0	2	261	7	2	1	1	1	231	270	503	99%	57%	

AGE PROFILE

Graph 1: Employee Age Profile



- The majority of JOSHCO employees are aged between 36-45 years.
- 28% of our workforce is classified as youth. This figure has slightly improved from the previous reporting period.

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

This section is aimed at providing information in terms of skills development and training. As means of strengthening our employee development initiatives, the entity is invested in the enhancement of employees' hard/soft skills, and succession planning. This is promoted through: short-term learning programmes (training sessions), mid-term training programmes (short learning courses), and long-term training programmes (bursaries).

4.1. BURSARIES FOR 2023/2024

- A total of 58 bursary applications were received.
- Due to financial constraints, it was decided that only first-time applicants who are pursuing their undergraduate qualifications as well as continuations will be approved and funded.

4.2. TRAINING INTERVENTIONS

The following trainings were held for the reporting period:

- An induction was facilitated for newly appointed employees.
- A Business Report Writing training was conducted for employees across various occupational levels who sought to improve their writing skills.
- A Coaching and Mentoring training was facilitated for staff members in managerial positions.
- COBIT 2019 Foundation (IT) training was attended by IT personnel.

- Engineering and Construction Contracts training programme was attended by Housing Development personnel.
- An Emotional Intelligence training was conducted for employees across different occupational levels.
- An Excel Intermediate training was conducted for various employees who sought to improve their *MS Excel* proficiency.
- ITIL Version 4 (IT) training programme was attended by IT personnel.
- An Unconscious Bias training was conducted for employees across different occupational levels.
- Certified Internal Audit Program was attended by Internal Audit personnel.
- Paterson Job Grading training programme was attended by an HR Official.

4.3. WORK SKILLS PLAN AND ANNUAL TRAINING REPORT

- Not due for reporting period.

SECTION 5: PERFORMANCE MANAGEMENT

Table 33: Contracting Update

Department	Eligible Staff	Agreements Submitted	Outstanding	% Received
Office of the CEO (CEO, IA, Legal & Cosec)	9	7	2	78%
Office of the COO (COO, Housing Management, ICT, Community Development, Security, Stakeholder Relations)	453	229	224	51%
Office of the CFO (CFO, SCM & Finance Core)	16	13	3	81%
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	8	4	4	50%
Corporate Services (HR, Marketing, Health & Safety and Customer Services)	17	8	9	47%
Total	503	261	242	52%

Comments:

- The signing of performance scorecards ensued in earnest since the beginning of the new financial year. This was as a result of the activations and information sessions held from the Learning and Development Unit.
- A further breakdown reveals that:
 - 77% of Head Office staff have contracted.

- The noticeable regress from the previous 86% for Head Office staff member is as a result of new hires which impacts on the submission of their contracts.
- 100% of the Security contracts submitted.
- 0% submission for Cleaners.
- The HR department continues to provide the necessary support to line management to ensure that JOSHCO achieves 100% contracting.

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

The aim of this section is to shed light on the status of disciplinary hearings, grievances, investigations, appeals, and suspensions. It should be noted that resources were sourced to assist with presiding over the matters, however due to various reasons we could not proceed with scheduled matters.

Disciplinary Matters as at 31 December 2023:

We currently have 09 remaining disciplinary matters outstanding.

Table 34: Disciplinary Outcomes

Sanction	No. of Employees
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0
Suspension	3
Demotion	0
Total	3

Grievances Matters as at 30 December 2023:

We had five (5) grievances and three (3) are finalised, therefore two (2) are still in progress.

Matters at Bargaining Council/ CCMA:

- We have two referrals to the CCMA, still ongoing.
- We had three SALGBC referrals and one (1) settlement not reached and unresolved certificate issued, one (1) application dismissed and another still ongoing.

SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hours 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 provides a detailed overall leave management.

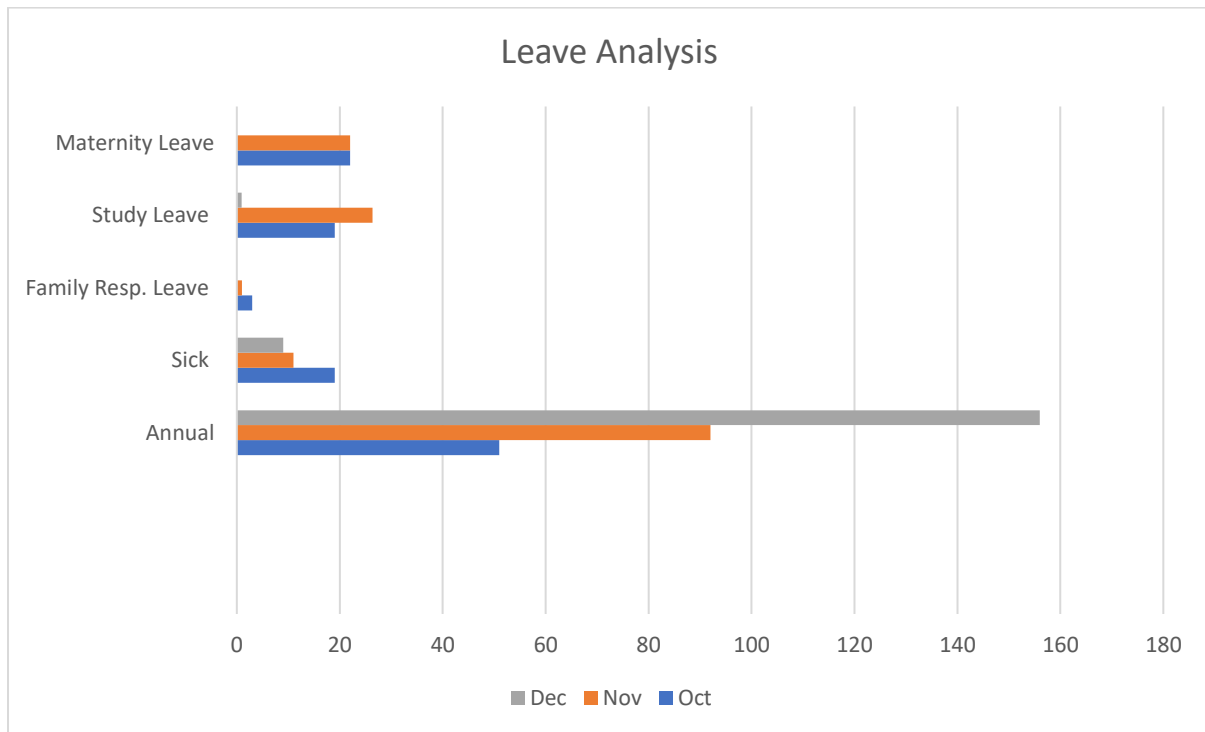
Table 35: Leave Taken Analysis

Type of Leave	Oct	Nov	Dec	Total Leave days Taken
Annual	51	92	156	299
Sick	19	11	09	39
Family Resp. Leave	3	1	0	4
Study Leave	19	26,36	0,94	46,3
Maternity Leave	22	22	0	44
Total	114	152,36	165,94	432,3

Comments:

- Communication pertaining to leave is communicated continuously to employees via internal communications.
- All leave applications are administered through an Employee Self Service (ESS) system. Through this system employees can observe their leave balance, and it also assists in omitting discrepancies in the SAP system.
- In comparison to the previous quarter, there has been a significant increase in overall leave taken, with annual leave being the most taken.

Graph 2: Leave Analysis



SECTION 8: EMPLOYEE WELLNESS

- The entity is committed to the promotion of a conducive and health-conscious workforce. This is endorsed through the facilitation of wellness-focused initiatives.
- On 12th December 2023 ICAS rolled out a Wellness Day Event. The event took a holistic approach to employee wellbeing and catered to physical health factors. The turnout was good, as eighty (80) staff members took part in health screening. The health screening focused on testing for blood pressure, blood sugar, blood cholesterol (total), Body mass index (BMI), waist and hip circumference and ratio, and HIV testing. Screening tests are conducted to detect potential health diseases early to treat them most effectively.
- The wellness event further translates into the entity's achievement of the employee development initiative KPI.
- All JOSHCO employees and their immediate family members are eligible to utilise ICAS services.
- Like the previous quarter, the services of ICAS utilised by employees in the 2nd quarter have been as follows:
 - Employee Assistance Programme in the form of individual counselling sessions (telephonic and physical).

SECTION 9: EMPLOYEE BENEFITS

9.1. Retirement Fund

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

9.2. Medical Aid Scheme

All permanent employees are eligible for a medical aid subsidy. Insourced employees (security officers and cleaners) have an option to either opt in or out of the benefit. The employer contribution is 60% up to a maximum of R 5 227.38, while the employee contribution is 40%, depending on the number of dependents.

9.3. Housing allowance

All permanent employees are eligible for housing subsidy. Eligibility is on the basis that the employee has a registered bond linked to their name.

SECTION 10: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

The purpose of this report is to ensure that JOSHCO complies with all the applicable legislation and, where appropriate, institute additional measures to ensure health and safety at Head Office and projects, and to update the Human Resource, Social & Ethics Committee and the JOSHCO Management on the progress made on health and safety in Q2 of the 2023/2024 financial year.

Feedback is covering the following aspects of the management system:

- JOSHCO incidents statistics.
- Health and safety training.
- Health and safety measures.
- Site visits and inspections.

Table 36: JOSHCO Staff Incidents (Covid -19 Cases)

Total number of staff members tested for Covid -19 in Q1	Total covid -19 positive cases	Total active cases	Total fatalities	Total number of recoveries	Total Staff vaccinated
0	0	0	0	0	0
In Quarter 2, zero (0) new Covid-19 case have been recorded thus far, with zero (0) recovery, zero (0) fatality rate, zero (0) staff members have been vaccinated for Covid-19.					

Table 37: JOSHCO Fire Incidents, Injury on Duty (IOD), First Aid Incidents, Facility Incidents and Total Fatality Incidents Recorded

Total Fire incidents	Total IOD's (Injuries on duty)	Total First aid incidents	Property Incidents	Medical treatment incident
3	0	3	2	0
In Quarter 2, three (3) fire incident have been recorded, zero (0) IOD, three (3) first aid incident, two (2) Property incidents and zero (0) medical treatment incident have been reported thus far.				

- On 23 September 2023 a child fell from the 5th floor of a JOSHCO project in Hoek Street. The minor was immediately rushed to hospital. Upon the child's arrival at the hospital the child was declared deceased. **(Fatality Incident)**

10.1. HEALTH AND SAFETY AWARENESS AND TRAINING

In conjunction with the health and safety training schedule, 30 candidates were trained as First Aiders in July 2023

Table 3: Health and Safety Awareness and Training Recorded.

Basic fire awareness training	Tenant orientation workshop	Safe work procedure inhouse training	Health and Safety Induction	Fire drill
Head office and Sites	Devland 14, Riverside 91, Legae 53	Antea 12	Head office 12 Antea 15 Contractor (Staff) 6 Botlhabela 29	Head office 192
In Quarter 2, Basic fire awareness training was presented to staff members, Health and Safety tenant orientation was presented to 158 tenants, The inhouse Safe work procedure (training) was presented to 12 cleaners, Health and Safety induction was presented to a total of 56 employees and 6 members of a contractor. 192 staff members were evacuated during the fire drill.				

In Q2, Health and Safety Awareness and Training workshop designed to raise the level of awareness in responding to emergency situations, promoting safety culture, management of emergency equipment and how to prevent emergency equipment vandalism. The awareness was delivered as follows:

- Basic fire awareness training for – head office staff and sites members.
- Tenant orientations and workshops – 14 Devland tenants, 91 Riverside tenants and 53 Legae project tenants were covered.
- Safe work procedure inhouse training was presented to – 12 Antea site cleaners.

- Health and Safety induction was presented to – 12 Head office staff members, 15 Antea cleaners, 29 Botlhabela Cleaners and 6 members from a Contractor.
- Fire drill – 192 Staff members were evacuated during a fire drill.

10.2. HEALTH AND SAFETY MEASURES

- Head office fire extinguisher service was completed in October 2023, service certificate is available.
- The following Health and Safety Appointments were developed as follows:
 - Health and Safety Representatives – 28
 - Fire evacuation marshals – 30
 - First Aiders – 30

10.3. SITE VISITS AND INSPECTIONS, CORRECTIVE MEASURE TO BE IMPLEMENTED BY HOUSING MANAGEMENT

Inspection reports are compiled and will be forwarded out to Housing Management on 21 December 2023 to implement corrective action of the findings for the visited projects as per inspection schedule: 80 Plein Street, Antea, Dobsonville, Riverside, Selby, Devland, Pennyville, Orlando West, Legae, Lefhereng and Head Office. The following findings were observed.

- Load test certificates required for the lifts.
- Drip tray required for the 80 Plein Street standby generator.
- The current state of the Selby hostel old office block is not suitable for human dwelling.
- Firefighting equipment service is required.
- Utility Pipes leaking severely at Riverside (Dikgale Heights).
- SHE policy not displayed at Legae.
- Evacuation procedures and Layouts not displayed at Legae and Riverside.
- Pest control measures are required for hygiene purposes.

CHAPTER 5

FINANCIAL PERFORMANCE AND EXPOSURE



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

An analysis of the financial position as at 31 December 2023 is reflected below and in Table 1.

Table 1: Statement of Financial Position as at 31 December 2023

Description	31 December 2023	30 June 2023	Variance	Variance
	R'000	R'000	R'000	%
Assets				
Current Assets				
Inventories	433	220	213	97%
Loans to shareholders	2 975	2 975	-	0%
Current tax receivable	146	9 140	(8 994)	-98%
Receivables from exchange transactions	1 291 336	1 287 282	4 054	0%
Receivables from non-exchange transactions	5 520	5 524	(4)	0%
VAT receivable	6 644	3 929	2 715	69%
Cash and cash equivalents	21 026	202 023	(180 997)	-90%
	1 328 080	1 511 093	(183 013)	-12%
Non-current assets				
Property, plant and equipment	34 282	32 342	1 940	6%
Intangible assets	10 016	6 919	3 097	45%
Investment in joint venture	21 770	21 770	-	0%
Total Non-current assets	66 068	61 031	5 037	8%
			-	
Total Assets	1 394 148	1 572 124	(177 976)	-11%
Liabilities				
Current Liabilities				
Loans from shareholder	1 514 332	1 112 952	401 380	36%
Borrowings - DBSA	2 744	2 744	-	0%
Current tax payable				
Finance lease obligation	370	370	-	0%
Payables from exchange transactions	981 507	1 256 079	(274 572)	-22%
	2 498 953	2 372 145	126 808	5%
Non-Current Liabilities				
Borrowings - DBSA	6 105	7 368	(1 263)	-17%
Finance lease obligation	472	472		0%
Deferred Income from non-exchange transactions	178	178	-	0%
	6 755	8 018	(1 263)	-16%
Total Liabilities	2 505 708	2 380 163	125 545	5%
Net Assets	(1 111 560)	(808 039)	(303 521)	38%
Share Capital	0,120	0,120	-	0%
Accumulated deficit	(1 111 560)	(808 039)	(303 521)	38%
Total Net Assets	(1 111 560)	(808 039)	(303 521)	38%

1.1. ASSETS

1.1.1 Current Assets

Current assets decreased by **R183, 016 million** overall. Receivables from exchange transactions decreased due to the drawdown of the SHRA account during the 2nd quarter, which was a decision taken by the shareholder. The current tax balance decreased by R8, 994 million due to a SARS objection that was granted in favor of JOSHCO, which has been subsequently refunded. Inventory increased by 102% due to an increase in the usage of printing paper and acquisition of materials and stationery.

1.1.2 Non-current assets

Non-current assets have increased by R5, 012 million largely due to the purchase of furniture for the head office, computer equipment as well as IT software.

1.2. LIABILITIES

Loans from shareholders increased by R401, 380 million (from R1, 113 billion to 1, 514 billion) mainly due to the entity not receiving funds owed from various entities where Joshco is an implementing agent for their projects. Included in current liabilities is the current portion of the long-term loan from the DBSA. In addition, due to the overdraft balance of JOSHCO's sweeping account, there are also finance costs that are incurred. There has been no change in the composition of non-current liabilities.

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

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 December 2023 resulted in a deficit of R303, 5 million per Table 2 below.

Table 2: Statement of Financial Performance for the period ended 31 December 2023

Table 2: Statement of Financial Performance for period ended 31 December 2023				
-	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000	R'000	
Rental Income	71 228	105 646	(34 418)	-32,58%
Subsidies	24 309	24 309	-	0,00%
Management Fees	18 280	31 529	(13 249)	-42,02%
Interest Income	16 424	12 737	3 687	28,95%
Utility Recoveries	1 943	1 886	57	3,02%
Other Income	109	-	109	100,00%
	9 071	2 500	6 571	

Total Revenue	141 364	178 607	(43 814)	-24,53%
Personnel costs	(109 836)	(85 345)	(24 491)	-29%
Board fees	(1 108)	(1 200)	92	8%
Debt impairment	(63 885)	(16 517)	(47 368)	-287%
Depreciation and Amortisation	(1 230)	(813)	(417)	-51%
Finance Costs	(57 278)	(466)	(56 812)	-12191%
Repairs and Maintenance	(97 283)	(31 106)	(66 177)	-213%
Security	(22 755)	(2 816)	(19 939)	-708%
Utilities	(58 371)	(19 367)	(39 004)	-201%
Administrative	(33 137)	(20 976)	(12 161)	-58%
Total Expenditure	(444 884)	(178 607)	(266 277)	-149%
Operating (Deficit)/Surplus before tax	(303 520)	-	(303 520)	
Taxation	-	-	-	-
Operating (Deficit)/Surplus after tax	(303 520)	-	(303 520)	

2.1. REVENUE

2.1.1. Composition of Revenue

The entity's revenue is derived from the streams per Table 3 below.

Table 3: Composition of Revenue

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	71 228	105 646	50%
Subsidies	24 309	24 309	17%
Management Fees	18 280	31 529	13%
Interest Income	16 424	12 737	12%
Utility Recoveries	1 943	1 886	1,4%
Other Income	109	-	0,1%
EPWP Operational Grant	9 071	2 500	6,4%
Total Revenue	141 364	178 607	100%

Total revenue is R43, 814 million below budget, which is consistent with the previous quarter's underperformance. The biggest contributor to revenue earned in the current financial year is rental income, making up 50% of total revenue. The underperformance of 24,5% below the budget is due to the impact of the reduction on rental tariffs that was adjusted from Quarter four of 2023 onwards. The effect of the change in rental projections based on tariffs will be provided for in the adjustment budget process. Management fees have also decreased by 42% against budget on the basis that work done on behalf of other CoJ departments is currently being slowed down in order to manage the overdraft balance and interest expenditure thereon due to delayed settlement of the receivables

balance from CoJ Departments. Interventions are in place that have resulted in receipt of some payments from JOSHCO's biggest intercompany debtor, the Department of Human Settlements in CoJ, with the expectation of continued receipts of settlement payments in the near future. The interest income charged on overdue rental debtors is above budget by almost 29% due to low collection rates for long outstanding and historic rental from tenants. The interest accrued from long outstanding rentals makes up 10% of total revenue to date.

2.1.2 Revenue Collection

The entity's collection levels have improved compared to the same period last year as we've realised 72% for current tenant rentals for the 2nd Quarter of 2023.24 FY ending on 31 December 2023 as shown in **Table 4** below. Collections in respect of SHRA funded Projects is 65%, JOSHCO Projects is 101%, and City Stock at 29%, whilst the Retail space is at 95% and the unallocated SHRA Residential Rental Relief Fund is R2,1m.

Table 4 Q2 Summary (December 2023)

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		
SHRA Projects (10)	20 826,05	-13 332,01	64%	7 494,04
JOSHCO Projects (11)	7 196,53	-5 841,35	81%	1 355,18
City Referral (10)	8 472,50	-3 826,73	45%	4 645,78
Retail Space (9)	1 932,07	-2 738,10	142%	(806,03)
SHRA RRRP*		-2 148,39		
OVERALL COLLECTION	38 427,15	-27 788,99	72%	12 688,96

*During the 2nd Quarter, SHRA has allocated to JOSHCO a relief funding because of the heavy financial burden experienced by tenants due to the effects of COVID-19.

2.1.3 Revenue Collection by debt collection companies

The company uses the services of a debt collecting companies to collect debt over 90 days and above R10 000. The performance of the debt collection company is shown in **Table 5**. For the quarter under review, the companies have collected R4,7 million (2,89%) from the R165 million handed over to them for collection.

The debt collection companies appointed are proceeding with collection of all debt above 60 days. We are also continuing with our internal collection processes. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

Table 5: Performance of debt collection companies for the 2nd Quarter

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-23	3 552	233 868	764	0,33%
Aug-23	3 552	235 739	743	0,32%
Sep-23	3 285	204 022	1 028	0,50%
Oct-23	3 285	209 540	769	0,37%
Nov-23	3 285	120 846	724	0,60%
Dec-23	3 285	165 193	747	0,45%
TOTAL YEAR TO DATE	3 285	165 193	4 775	2,89%

In trying to prevent the debt to escalate and to get the tenants to pay whilst the debt is still affordable the company has introduced various settlement discount vouchers to tenants. In addition to the vouchers processed, JOSHCO is also looking at system write-offs for all closed accounts in our books as those tenants have since vacated and the units are occupied by paying tenants. Successful evictions of 11 tenants owing more than R1m in total debt have been executed, resulting in revenue collection for the Roodepoort project improving to 100% collections for the first 2 months of the financial year. Tenants who vacated and got evicted with balances owed are blacklisted with all credit bureaus.

2.2. EXPENDITURE

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

- a) **Personnel costs:** The employee costs is at 29% over the year-to-date budget due to leave pay, overtime, acting allowances, and EPWP expenditure.
- b) **Board fees:** The director's remuneration (board fees) is 8% below budget (R92 000) due to a reduction of procurement activities requiring board approval which are above the CEO's delegation. Board fees are a variable cost that is also affected by the attendance of members for various meetings.
- c) **Depreciation and Amortisation:** The depreciation and amortisation is at 51% over budget (R417 000) due to the purchase of property, plant, and equipment for the head office, which also includes computer equipment as well as IT software.
- d) **Finance costs:** Finance costs exceed budget by R56,8 million due to interest incurred on negative Sweeping account arising from overdraft facility because of delays in receiving payment from projects undertaken on behalf of COJ entities and departments. The entity will submit a request for reversal to the City during the year-end AFS preparation process.
- e) **Repairs and Maintenance:** The repairs and maintenance is at 213% above budget (R66, 177 million) due to work done at the various deteriorating projects. Executive management is exploring the option of performing major upgrades to eliminate frequent need to incur repetitive maintenance costs on ageing infrastructure.

- f) **Security:** The security services is R19, 939 million above budget due to need of protection and security where projects not yet under construction and projects where contractors were terminated, in order to protect locations from vandalism and possible hijacking of properties.
- g) **Utilities:** The utilities is R39, 004 above budget largely due to utility costs incurred more than available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects. A flat rate for water is being charged while the water meters are being sourced and installed.
- h) **Administrative costs:** The administrative costs are R12, 161 million above budget due to increase in legal costs for investigations and rental collection processes, eviction processes and contracted services.

SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 31 December 2023 is R21, 026 million. The tenant deposit account has a balance of over R18 million. The SHRA account has a balance of just over R1 million due to drawdown of funds by CoJ Treasury (i.e. the shareholder). An amount of R1, 562 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans (from) shareholders).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The approved capex budget is R492,3 million funded from the external funding sources and capital reserves. As at 31 December 2023 JOSHCO's verified spend for the quarter under review is 48% against a target of 50% per the table below. This is reflected in Table 6 below.

Table 6: Capex Spend Per Project

Project Name	WBS Element	Budget	Jul	Aug	Sep	Oct	Nov	Dec	Expenditure	Balance
Dobsonville Social Housing Project New	65-14006.350.0020	5 000	0	0	2 517	0	0	0	2 517	2 483
EXISTING STOCK REDEVELOPMENT;UPGRADE AND	65-14008.350.0020	12 000	0	0	3 609	0	0	0	3 609	8 391
KELVIN RENTAL STOCK New Building Alterat	65-14013.360.0020	2 000	0	0	0	0	979	8 816	9 795	(7 795)
LOMBARDY EAST HOUSING PROJECT New Housin	65-14014.360.0020	2 000	0	0	0	0	0	1 755	1 755	245
LUFHERENG SOCIAL HOUSING PROJECT New Hou	65-14015.350.0010	91 000	0	0	0	0	0	0	0	91 000
NANCEFIELD STATION HOUSING/ KLIPSPRUIT ST	65-14017.350.0020	23 000	0	9 714	12 565	0	0	0	22 279	721
NANCEFIELD STATION HOUSING/ KLIPSPRUIT ST	65-14017.360.0020	10 000	0	0	0	7 152	0	5 093	12 245	(2 245)
Princess Plots Social HousingProject New	65-14020.350.0020	17 500	0	9 434	4 476	1 763	0	0	15 673	1 827

Project Name	WBS Element	Budget	Jul	Aug	Sep	Oct	Nov	Dec	Expenditure	Balance
Princess Plots Social HousingProject New	65-14020.360.0020	15 000	0	0	6 136	0	0	0	6 136	8 864
Selkirk Social Housing project New Housi	65-14022.350.0020	20 000	0	0	0	0	0	0	0	20 000
Selkirk Social Housing project New Housi	65-14022.360.0020	11 000	0	0	152	0	0	0	152	10 848
City Deep Upgrading Renewal Operational	65-15008.350.0020	5 000	0	4 608	229	0	39	124	5 000	0
Golden highway Social Housing project Ne	65-15009.350.0010	10 000	0	2 787	1 288	1 684	3 436	0	9 195	805
Golden highway Social Housing project Ne	65-15009.360.0020	4 000	0	0	0	0	3 240	0	3 240	760
Casamia Renewal Building Alterations	65-16002.350.0020	6 000	0	0	0	0	0	0	0	6 000
Casamia Renewal Building Alterations	65-16002.360.0020	15 000	0	0	0	0	0	0	0	15 000
Malvern Building Conversion	65-19001.360.0020	2 000	0	0	0	0	0	1 191	1 191	809
38 Rissik Street (NBS) Inner City Buildi	65-19002.350.0020	15 000	0	2 513	4 854	0	2 437	0	9 804	5 196
38 Rissik Street (NBS) Inner City Bu	65-19002.360.0020	15 000	0	0	0	0	0	0	0	15 000
Booyens Place Inner City Building C	65-19003.350.0020	15 000	0	0	0	0	0	294	294	14 706
Booyens Street Inner City Conversion	65-19003.360.0020	12 000	0	0	0	0	0	0	0	12 000
Abel Road Inner City Building Conver	65-19004.350.0020	15 000	0	1 423	0	2 344	5 321	0	9 088	5 912
Abel Road Inner City Building Conver	65-19004.360.0020	10 000	0	0	0	0	0	0	0	10 000
106 Claim Street Inner City Building	65-19006.350.0020	7 000	0	3 300	902	1 477	1 023	0	6 701	299
Smit Street Inner City Building Conv	65-19007.350.0020	18 000	0	0	0	0	994	10 044	11 038	6 962
Smit Street Inner City Building Conv	65-19007.360.0020	16 000	0	0	0	0	0	0	0	16 000
Marlboro Social Housing Project Regi	65-19008.350.0010	5 000	0	0	0	0	0	0	0	5 000
Nederburg Social Housing Project Region	65-19021.350.0020	8 822	0	0	2 295	0	2 641	1 969	6 905	1 917
Nederburg Social Housing Project RegionA	65-19021.360.0020	3 678	0	0	2 140	0	0	0	2 140	1 538
Tum-Key 1: Region A	65-21002.350.0020	55 317	19 149	0	624	0	0	2 453	22 226	33 091
Tum-Key 1: Region B	65-21003.350.0020	10 000	0	0	0	0	0	0	0	10 000
Park Chambers	65-24000.360.0020	2 000	0	0	0	0	1 697	6 582	8 279	(6 279)
Frank Brown/ Milpark Social Housing Deve	65-24001.360.0020	2 004	0	0	0	0	0	0	0	2 004
Tum-Key : Region F (Denver Social Housi	65-24002.360.0020	32 000	0	0	36 990	0	28 438	0	65 427	(33 427)
		492 321	19 149	33 779	78 776	14 419	50 243	38 320	234 686	257 635

*Amounts above are in R'000

SECTION 5: RATIO ANALYSIS

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

Table 7: Key Ratio Analysis as at 31 December 2023

KEY PERFORMANCE INDICATOR	2023/24 TARGET	QUARTER 2 TARGET	QUARTER 2 PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios	Current ratio 1:1	1:1	0.53	-0.47
	Solvency Ratio 1:1	1:1	0.56	-0.44
	% collection in respect of current debtors	100%	72%	-28%
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt (figures as at February)	100%	40%	-60%
% Capital Expenditure Budget.	100% Expenditure of Approved Capital Budget.	50%	48%	-2%

It is important to note that JOSHCO's cost coverage ratio is -706 days. This implies that JOSHCO currently does not generate enough cash to cover its monthly fixed operational costs.

5.1 MITIGATION ACTION

5.1.1 Current Ratio and Solvency Ratio

The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utility and maintenance costs. The high overdraft balance in the sweeping account has also resulted in large interest costs of R27, 603 million being incurred as at the end of the 2nd quarter.

- The entity's reviewed 5-year strategic to improve the entity's financial sustainability is under implementation as follows
 - Increase in management fee income earned on projects implemented on behalf of other COJ entities – this strategy is derailed by halting of work on behalf of the Department of Human Settlements due to a high outstanding balance. During September 2023 a new relationship was formed with the CoJ Department of Transport to undertake projects on their behalf.
 - Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%. Additional student accommodation projects are being considered to raise more cash due to their good performance in rental collection.
 - Outdoor advertising – adverts are placed on the structures and billboards have been constructed to market for additional advertising revenue to be generated.

Strategies to reduce expenditure are as follows:

- Staff costs: Overtime management by line managers and management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken.
- Utilities – Prepaid meters are being rolled out in projects. A flat rate for water will be charged while the water meters are being sourced and installed.

5.1.2 Collection in respect of current debtors

- The rental collection is improving due to initiatives like targeted evictions, interest reversals, acknowledgment of debt and discount vouchers.
- Implementing departmental changes to reduce costly inefficiencies, respond to new competitive markets, and develop strategies to move forward successfully.

- Introduction of in-house electricity vending system and installation of smart meters to better manage and control utility bills.
- Active call to defaulting tenants to sign acknowledgement of debt (AOD's) and make payment arrangement for long outstanding debt.
- Launch of new freeze and reversal promotion for current and historical interest charges for tenants who sign AOD's.
- Improved credit evaluation process for new tenant applications.
- The entity has identified stock that should not form part of the social housing or affordable housing portfolio. The board has approved for this stock to be returned to the City. The final step of the process involves Mayoral Committee recommendations to Council for approval.
- All new leases and lease renewals will be confirmed by the signing of a DebiCheck (debit order).
- Only valid lease holders will be able to enter our premises via a biometric system.

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

6.1 DEVIATIONS ON SCM

There was 1 approved deviation for the quarter under review. However, there is no expenditure incurred on the deviation in the 2nd quarter

Table 8: Deviations for the quarter

Name of supplier	Reason	Approval date	Amount
3 Service providers to be invited (not yet appointed)	Urgent need for records and storage facility	24 November 2023	Rates based

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 31 December 2023, only **40%** of valid invoices were paid within 30 days. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.

6.3 REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There were instances of irregular, fruitless and wasteful expenditure for the quarter under review per the table below.

Table 9: UIFW incurred in the current quarter.

Compliance Area	Quarter 2 2023/24	Reason	Mitigations
Fruitless & Wasteful Expenditure	R 26 011.78	Unauthorized bank debit orders	Debit orders are currently being investigated by GFIS.
Fruitless & Wasteful Expenditure	R 120 700.71	Fines and penalties – City Power	To be referred for investigation
Irregular Expenditure	TJ360 degree R1 381 792.09	Second bidder appointed	To be referred for investigation
Irregular Expenditure	Zanecebo Consulting R717 140.00	Second bidder appointed	To be referred for investigation

There is potential irregular expenditure on the year-to-date overspend of the budget of over R238 million should the entity's deficit position not reverse by the end of the financial year.

6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

Table 10 reflects the approved variation orders for the period under review.

Table 10: Approved variation orders for the quarter ended 31 December 2023

Name of supplier	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount	Variation	% Variation
Mubvumela Corporation (PTY)LTD	ICT	VOIP system extension	07 th December 2023	R 3 234 950.00	R3187 742.4300	R187 742.43	5.87%
Renda Group	Housing Development	Increase work scope	13 th December 2023	R 2 679 270.00	R3 214 020.00	R 534 750.00	19%
Pro-Power (PTY)LTD	Housing Development	Increase work scope	13 th December 2023	R 28 277 627.00	R0.00	R 843 860.19	0%
Myvae Holdings (PTY)LTD	Housing Development	Increase work scope	13 th December 2023	R 8 680 200.00	R0.00	R 652 844.65	0%
Sabela Mathavha Consultants	Housing Development	Increase work scope	13 th December 2023	R14 848 035.59	R0.00	R3 328 109.54	0%

6.5 AWARDS MADE FOR THE QUARTER

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

Table 11: Awards for the Quarter

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATE D VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/VIOP/001/2023	THE APPOINTMENT OF SERVICE PROVIDER TO SUPPLY, DELIVER AND INSTALL VOICE OVER INTERNET SYSTEM (VIOP) AT JOSHCO HEAD OFFICE FOR THE PERIOD NOT EXCEEDING 36 MONTHS.	ICT	26 TH OCTOBER 2023	07 TH DECEMBER 2023	ONE WAY TECHNOLOGIES (PTY)LTD	FEMALE	HIGHEST SCORING BIDDER	R4 000 000.	R4 299 092.15	1
RFQ/WP/003/2023	THE APPOINTMENT OF A CONTRACTOR FOR WATER PRESSURE SOLUTION	HOUSING DEVELOPMENT	15 TH SEPTEMBER 2023	07 TH DECEMBER 2023	DIM PROJECTS	MALE	HIGHEST SCORING BIDDER	R13 600 000	R13 560 480.30	1
RFQ/DEV/003/2023	THE APPOINTMENT OF CONTRACTOR FOR THE DEVLAND PHASE 3	HOUSING DEVELOPMENT	08 TH NOVEMBER 2023	13 TH DECEMBER 2023	THOBILE BUILDING CONSTRUCTION	MALE	HIGHEST SCORING BIDDER	R95 000 000	R99 506 125.17	1
POC/006/2023	PANEL OF CONTRACTORS FOR THE MAJOR UPGRADES AND REFURBISHMENT BUILT ENVIRONMENT FOR LEVELS 9GB FOR A PERIOD NOT EXCEEDING 36 MONTHS	HOUSING DEVELOPMENT	08 TH AUGUST 2023	07 TH DECEMBER 2023	PANEL(18)	N/A	MINIMUM REQUIREMENT FOR THE PANEL	N/A	N/A	N/A
RFQ/ASBD/2023	THE APPOINTMENT OF A PROJECT MANAGER FOR BUILDING INFORMATION RETRIEVAL FROM COJ BUILDING CONTROL INCLUDING SUBMISSIONS TO MEET ALL LOCAL AUTHORITY REQUIREMENT FOR	HOUSING DEVELOPMENT	13 TH NOVEMBER 2023	13 TH DECEMBER 2023	MAANDA DIMENSION CONSULTING	MALE	HIGHEST SCORING BIDDER	R 25 000 000	R30 395 075.	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	VARIOUS JOSHCO BUILDINGS									
RFQ/PM/LUF/001/2023	THE APPOINTMENT OF A PROJECT MANAGEMENT CONSULTANT FOR LUFHERENG SOCIAL HOUSING PROJECT PHASE 2,STAGE 5&6 ONLY	HOUSING DEVELOPMENT	13 TH NOVEMBER 2023	13 TH DECEMBER 2023	TDR PROJECTS	MALE	HIGHEST SCORING BIDDER	R26 000 000.	R22 626 250	1
RFQ/PM/FRANK/001/2023	THE APPOINTMENT OF A PROJECT MANAGER FOR FRANKBROWN SOCIAL HOUSING PROJECT	HOUSING DEVELOPMENT	09 TH OCTOBER 2023	13 TH DECEMBER 2023	RASECHOSA CONSTRUCTION	MALE	HIGHEST SCORING BIDDER	R44 000 000.	R36 700 000.	1

6.6 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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

Table 12: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 2 R'000	% of total expenditure
Capital Expenditure	109 333	58
Operational Expenditure	79 151	42
Total Expenditure	188 484	100

b) Capital Expenditure		
Nature of expenditure	Quarter 2 R'000	% Of Capex expenditure
Professional Consultants	36 914	34
Contractor Payments	72 419	66
Total Expenditure	109 333	100

c) Operational Expenditure		
Nature of expenditure	Quarter 2 R'000	% Spend
Procurement <R200 000	1 900	2
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	588	1
Operational Expenditure	15 479	20
Security Services	14 398	18
Repairs and Maintenance	46 786	59
Total	79 151	100

6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 13 to 15.

Table 13: Summary of spent to at least 51% black owned companies.

Period	Total OPEX from procurement activities	OPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	99 246	99 246	100%

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	154 326	583	99,6%

Table 14: Summary of spend on women owned companies.

Period	Total OPEX from procurement activities	OPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	99 246	8 597	8,7%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	154 326	20 709	13%

Table 15: Summary of spend on youth owned companies.

Period	Total OPEX from procurement activities	OPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	99 246	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	154 326	0	0%

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

Progress made on litigation matters is detailed in the below tables.

Table 16: Matters reflected in the below table are expected to be finalised before the end of the financial year, and parties are in the process of exchanging all the necessary court papers before obtaining dates for hearing.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
1.	Applications for demolitions in respect of the Dobsonville Social Housing Project.	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	<p>The matter concerns eight properties/illegal structures surrounding JOSHCO's Dobsonville project, which are encroaching onto the site. Attorneys were appointed to institute court applications for demolitions. One matter was settled with the property-owner, two were opposed and the remaining five were unopposed. Shortly after five demolition orders were obtained in February 2021, the affected property-owners lodged applications for rescission, aimed at reversing the five demolition orders.</p> <p>The applications were unsuccessful. The five demolition orders were executed on the 9th of November 2022.</p> <p>Progress: There are two remaining structures to be demolished. One of the two structures will be demolished in January 2024, while the remaining structure will be demolished upon obtaining a demolition order, that is anticipated for the fourth quarter of the financial year.</p>	30/06/2020	The matter is ongoing. Five demolition orders were executed on 09 November 2022.	Expenditure to date: R 785 932,29 spent on legal fees.
2.	Various evictions and recovery of outstanding rental.	Various	<p>There has been a total of 31 eviction orders obtained since inception of eviction applications in 2019. Seventeen of these orders have been successfully executed,</p> <p>Progress: While no eviction orders were executed in the second quarter, six new eviction orders were obtained, all existing eviction orders will be executed in the third quarter. There were challenges with securing availability of the Sherriff and SAPS in this quarter and as a result the eviction orders will be executed in the third quarter.</p>	2019	Matters are ongoing.	<p>Expenditure to date: R 4 874 246.84 spent on legal fees.</p> <p>Q2 invoices not paid: R 567 464.62</p>

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
3.	Social Housing Movement and 5 others // JOSHCO and 3 others	ENSafrica	<p>Court application lodged by the Social Housing Movement and various tenants against JOSHCO, Social Housing Regulatory Authority, CoJ Municipality and the Department of Human Settlements (Province). The application seeks to compel JOSHCO to convert leases into rent-to-own agreements, and to further prevent JOSHCO from evicting tenants without obtaining “suitable alternative accommodation”. Attorneys have been briefed and are in the process of opposing the application.</p> <p>Progress: The matter has been set down for hearing, on the opposed motion roll for 12 March 2024.</p>	12/09/2022	The matter is ongoing.	Expenditure to date: R306 874.06
4.	Tenants of BG Alexandra Flats // Madulammoho Housing Association NPC, JOSHCO and 4 others	ENSafrica	<p>Court application lodged by tenants of BG Alexandra flats against JOSHCO, Madulammoho Housing Association NPC, JOSHCO and Madulammoho Joint Venture, CoJ Municipality, Social Housing Regulatory Authority and the Provincial Department of Human Settlements. The application seeks to compel JOSHCO and all other respondents to provide the applicants with “RDP houses from any social housing project around the Johannesburg area”, to prohibit JOSHCO and the rest of the respondents from evicting the applicants without providing them with RDP houses, and to further prohibit JOSHCO and other respondents from instituting eviction applications against child-headed units without providing alternative accommodation. Attorneys have been appointed to oppose the matter.</p> <p>Progress: The applicants’ attorneys undertook to deliver their replying affidavit by 12 November 2023; however, they have not done so. JOSHCO’s attorneys have served an index of the court papers to trigger the process of applying for a hearing date.</p> <p>Applicant’s heads of argument are due on 05 January 2024, JOSHCO’s heads of argument are due on 19 January 2024.</p>	08/11/2022	The matter is ongoing	Costs incurred to date: R 597 110,32. Invoices not yet settled.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
5.	JOSHCO //QuickProp Systems (Pty) Ltd	Mncedisi Ndlovu & Sedumedi Attorneys	<p>Court application instituted by JOSHCO against QuickProp Systems (Pty) Ltd. QuickProp Systems (Pty) Ltd was appointed by JOSHCO to develop a property management system, enhancement and mobile application solution. The application seeks to review and set aside the appointment, based on misrepresentation by Quick Prop Systems (Pty) Ltd in their bid submission for the appointment.</p> <p>Progress: JOSHCO since then has filed its Heads of Arguments , However the Respondents has not filed their Heads of Arguments, further to that, the Respondent's legal representatives have withdrawn as the legal representatives on record. Considering the above, JOSHCO's attorneys have applied for a hearing date for the unopposed roll and are currently waiting for the date from the Registrar.</p>	12/03/2023	The matter is ongoing	Expenditure to date: R 419 310.90.
6.	Jozi Housing (Pty) Ltd// JOSHCO	Padi Attorneys	<p>This is an application that was lodged by owners of properties surrounding the Casa Mia building. The application seeks to compel JOSHCO to either ensure that the building is used for its intended purpose, or to evict the unlawful occupiers. The matter was removed from the court roll, and JOSHCO has in the meantime lodged an eviction application which is scheduled for hearing on the 17th of October 2023.</p> <p>Progress: The matter was heard on Thursday, 16 November 2023. Due to JOSHCO's attorneys filing an answering affidavit and because of the dispute on costs between the parties, the court ordered the matter to be referred to the opposed roll.</p>	15/05/2023	The matter is ongoing	Costs incurred to date: R 209 286.55. Invoice not yet settled.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
7.	Property Corner Erf 166 (Pty) Ltd // Thlokomelo Management, JOSHCO and Lowndes Dlamini Inc	Mncedisi, Ndlovu and Sedumedi Attorneys	<p>The matter relates to a court application lodged by Property Corner Eft 166 (Pty) Ltd, which is the owner of the land upon which the appointed developer (Thlokomelo Management) is to develop social housing units for JOSHCO (Rivonia turnkey project). When the developer failed to secure funds to pay for the land, in an attempt to resolve the funding challenge and salvage the project, parties reached agreement for a simultaneous transfer of the property to Thlokomelo, and then to JOSHCO. This arrangement would allow JOSHCO to pay for the land.</p> <p>In its court application, Property Corner Eft 166 (Pty) Ltd seeks an Order declaring that the conveyancer proceed with transfer of the property to Thlokomelo, and to further pay over the purchase amount to Property Corner Eft 166 (Pty) Ltd. The application was necessitated by delays with transfer of the property. JOSHCO's challenge with the application and reasons for opposing it, is that the applicant's "prayer" or request to the court does not include a simultaneous transfer but only seeks to enforce the sale transaction between Thlokomelo and the seller, while JOSHCO has advanced payments to the conveyancers. For this reason, JOSHCO is opposing the application. JOSHCO's argument is that the transaction cannot continue using JOSHCO's funds that are sitting in the conveyancer's trust account, and that the Court must dismiss the application, if not, that the order made by the court, include a simultaneous transfer of the property.</p> <p>JOSHCO issued a notice to the developer, terminating the Development Agreement due to several breaches committed by the developer. Pursuant to the termination of the Agreement, JOSHCO's attorneys were instructed to address a letter to the developer's attorneys advising them of the termination and demanding a refund of JOSHCO's payments.</p>	20/04/2023	The matter is ongoing	R 220 157.44

			<p>Progress: JOSHCO seeks to enter into a Sale Agreement directly with the seller, (Tlhokomelo) to acquire ownership of the property, since there are already JOSHCO funds available in the conveyancer's trust account. The court application has not been formally withdrawn.</p>			
8.	JOSHCO//Tenants of Pennyville	ENSAfrica	<p>Urgent court application for an interdict brought against tenants of the Pennyville project. The application sought to restrain the group of tenants from interfering with the work performed by JOSHCO officials, and from endangering the lives of the officials. The application was heard on the 17th of August 2023 wherein an interim order was granted.</p> <p>Progress: JOSHCO has filed its replying affidavit. Parties will file their heads of argument so that the matter can be set down for hearing for a final order.</p>	17/08/2023	The matter is ongoing	Costs incurred to date: R 577 689.28. Invoices not yet settled.
9.	JOSHCO//Illegal occupants of the Casa Mia building	Padi Attorneys	<p>Eviction application lodged on an urgent basis against illegal occupants of the Casa Mia building.</p> <p>Progress: The matter was heard on 21 November 2023. In the same application the City lodged a counter application to declare the building unsafe for occupation. The eviction application was postponed <i>Sine die</i> (without a date). The court granted an order declaring the building unsafe for occupation and instructed the City to provide alternative accommodation for the illegal occupants. JOSHCO currently awaits an update from the City on alternative accommodation.</p>	20/09/2023	The matter is ongoing	Cost incurred to date : R 638 435.07. Invoices not yet settled

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

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
1.	<p>JEH Properties //JOSHCO</p> <ul style="list-style-type: none"> - Cancellation of Property Sale Agreement in respect of 195 Commissioner Street. 	Dyason Attorneys	<p>Sale of immovable property at no. 195 Commissioner Street, bought for R 6 500 000. The Sale Agreement was signed on the 3rd of April 2014. JOSHCO initially attempted to cancel the Sale Agreement and recover the purchase price following the seller's failure to provide JOSHCO with vacant occupation. JOSHCO then instituted a court process for cancellation, which was later placed on hold after the attorneys advised JOSHCO to proceed with the sale as the full purchase price and transfer costs had been paid. It was however discovered that there was a bond registered over the property. In light of this, JOSHCO's attorneys were instructed to proceed with the initial claim for the purchase price and transfer costs. It was further discovered that the individuals identified in the illegal and fraudulent sale of said property to JOSHCO were linked to other hijacked properties.</p> <p>Progress on civil claim: The defendants (seller and conveyancing attorney) have not yet filed their discovery affidavit. JOSHCO's attorneys are to bring an application to compel Discovery in January 2024.</p> <p>Legal department engaged attorneys on record and requested an opinion on the possibility of succeeding with succeeding with claims against from JOSHCO who were involved in the transaction.</p> <p>Based on the opinion received from the attorneys, JOSHCO's merits of success with such claims would be limited as the matter has also been investigated by the Special Investigating Unit, which did not implicate specific individuals from JOSHCO. The SIU confirmed that purported sellers and conveyancing attorneys had also defrauded other State entities.</p>	22/05/2015	The matter is ongoing	<p>Expenditure to date: R36 825.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.</p>

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
			<p>It must be noted that during JOSHCO's engagements with the SIU, attempts were made internally by the Legal officer to retrieve background information relating to the sale/transaction, but information was limited.</p> <p>The Legal department further engaged the Group Forensic Investigation Services department (GFIS), who advised that they can only investigate the matter/senior officials with instruction from the City Manager.</p> <p>Criminal investigation: Upon engagements with the SAPS, JOSHCO's legal department was advised that the investigation is still ongoing, and that the file will be allocated to the new investigating officer as the previous office has left SAPS.</p>			
2.	<p>SKN Consulting // JOSHCO</p> <p>- Claim for damages.</p>	Tshiqi Zebediela Attorneys	<p>JOSHCO had appointed SKN Consulting ("SKN") as project managers on the Randburg Selkirk project. In 2014, SKN sent a notice to JOSHCO demanding payment of professional fees, alleging that JOSHCO had failed to pay the full fees for stages one and two of the projects. JOSHCO's reasons for non-payment of the full fees related to non-performance. JOSHCO then instituted a claim against SKN for damages suffered as a result of their non-performance. The matter was referred to arbitration.</p> <p>Progress: A legal opinion was sourced on the matter, which recommended that the matter be rather referred to court for a review and setting aside of the appointment, which will enable JOSHCO to claim the monies paid to SKN Consulting.</p>	18/12/2015	The matter is ongoing.	<p>Expenditure to date: R 79 940.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 13 926 340.53 spent on professional fees, R 719 340.00 for damages</p>

SECTION 8: INSURANCE CLAIMS AGAINST/TO MOE

Quarter 2 of 2023/24: As of December 2023, there is a total of sixty-eight (68) claims, of these thirty-eight (38) are active, twenty-three (23) settled and seven (7) repudiated. Continuous monitoring and follow ups on active claims are done to keep track of these claims.

Q1.

The following table depicts the insurance claims status as detailed:

Legend

Legend	Explanation
	Claims repudiated.
	Claim pending payment, not yet paid .
	New claims .
	Payment received/settled.

Table 17: Insurance Claims as at 31 December 2023

JSCH Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Claims Status Details
JSCH-TPL1	ADRS00010465	Plaintiff suffered injuries from a fire in the building.	Third Party Liability	Active	Attorney appointed to handle TP approach.
JSHC-TPL5	ADRS00011886	Third party vehicle damaged by the gate.	Third Party Liability	Active	Awaiting TP approach.
JSHC-TPL6	ADRS00011625	Fascia board damaged tenants' car.	Third Party Liability	Active	Corresponding with TP - TP claim.
JSHC-TPL9	ADRS00010483	Plaintiff's minor was hit on the forehead by an abandoned steal frame door while playing.	Third Party Liability	Active	Insurer handling TP claim.
JSHC-TPL11	ADRS00008685	Third party vehicle damaged by the gate.	Third Party Liability	Active	Awaiting TP approach.
JSHC-AC4	ADRS00011455	Unit burnt.	Fire	Active	Awaiting Proof of ownership.
JSHC-AC5	ADRS00011326	Units caught fire.	Fire	Active	Awaiting Proof of ownership.
JSHC-AC6	ADRS00010835	Hail damage to property.	Hail	Active	Awaiting quotation from client.

JSHC Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Claims Status Details
JSHC-AC15	ADRS00006952	Theft of laptop after break-in into a vehicle.	Theft	Active	Awaiting claim documents or other info from client, invoices of the fixed broken window.
JSHC-AC17	ADRS00005159	Illegal connection caused a fire and burnt all appliances.	Fire	Active	Awaiting service provider/suppliers' invoice and Lease agreement.
JSHC-AC18	ADRS00010451	Laptop damaged during an MVA.	Damage	Active	Awaiting three quotations, asset register, damage report and images.
JSHC-AC19	ADRS00007768	On the 02/10/2021, Fleurhof Junction was hit by a severe hailstorm whereby a number of JOSHCO asset were damaged.	Hail	Active	Awaiting claim documents or other info from client, invoices.
JSHC-AC20	ADRS00007962	Dell laptop got damage during a vehicle accident.	Damage	Active	Awaiting pictures of the damage.
JSHC-AC24	ADRS00012159	Burned unit.	Damage	Active	Awaiting proof of ownership.
JSHC-AC27	ADRS00012602	Head office parking roof collapse due to heavy storm.	Damage	Active	Awaiting proof of ownership, picture, invoice, and structural drawings/plans.
JSHC-EPL1	ADRS00006969	Unfair dismissal.	Liability	Active	Claims pending.
JSHC-EPL2	ADRS00008311	Case against salary shortfall.	Liability	Active	Reopen.
JSHC-EPL5	ADRS00001882	Unfair labor practice relating to recruitment and promotion.	Liability	Active	Attorney appointed to handle T P approach.
JSHC-EPL6	ADRS00006792	Failure to implement grading results as previously confirmed.	Liability	Active	Attorney appointed to handle TP approach.
JSHC-EPL7	ADRS00011092	Employee unfairly suspended.	Liability	Active	Attorney appointed to handle TP approach.
JSHC-EPL8	ADRS00011218	Unfair dismissal.	Liability	Active	Attorney appointed to handle TP approach.

JSHC Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Claims Status Details
JSHC-EPL9	ADRS00011555	Employer failed to follow a fair process and procedure in relation to suspension.	Liability	Active	Attorney attending to recovery.
JSHC-EPL11	ADRS00001883	Dispute for a 2016/2017 6% salary increase which remains outstanding.	Liability	Active	Attorney appointed to handle TP approach.
JSHC-EPL12	ADRS00009956	Unfair labour practice.	Liability	Active	Attorney appointed to handle TP approach.
JSHC-EPL13	ADRS00010353	Back pay was not processed correctly.	Liability	Active	Attorney appointed to handle TP approach.
JSHC-EPL14	ADRS00007647	Employee has applied for a constructive dismissal against JOSHCO.	Liability	Active	Awaiting bordereaux payments.
JSHC-EPL15	ADRS00012202	Unfair labour practice.	Liability	Active	Attorney negotiating settlement.
JSHC-EPL16	ADRS00012561	Unfair labour practice.	Liability	Active	Awaiting the CCMA outcome.
JSHC-GPA1	ADRS00002675	Employee injured at work.	Injury	Active	Awaiting claim documents or other info from client.
JSHC-GPA2	ADRS00005259	MVA injuries.	Injury	Active	Referral to broker Claims Manager.
JSHC-GPA3	ADRS00005033	MVA – pedestrian.	Injury	Active	Referral to broker claims manager.
JSHC-GPA4	ADRS00002013	Employee injured.	Injury	Active	Awaiting claim documents from broker / client.
JSHC-GPA5	ADRS00002010	Employee injured.	Injury	Active	Awaiting claim documents from broker / client.
JSHC-GPA6	ADRS00002007	Employee Injured.	Injury	Active	Awaiting claim documents from broker / client.
JSHC-GPA7	ADRS00002012	Employee injured.	Injury	Active	Awaiting claim documents from broker / client.

JSHC Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Claims Status Details
JSHC-GPA11	ADRS00001465	Employee injured.	Injury	Active	Awaiting claim document from broker/client. Claim form, ID copy, confirmation of earnings, final medical report, medical certificate, and assumption report.
JSHC-AC29	ADRS00012332	Vehicle damage.	Asset damage	Active	Awaiting TP approach.
JSHC-AC30	ADRS00012333	Minor fell from fifth floor.	Death	Active	Awaiting TP approach.
JSHC-AC2	ADRS00007161	Stolen laptop from employee's bag.	Theft	Repudiated	Settled, Duplicated.
JSHC-AC16	ADRS00008768	Laptop was stolen.	Theft	Repudiated	Laptop lost due to negligence.
JSHC-AC22	ADRS00003777	Theft of a laptop.	Theft	Repudiated	Closed and letter forwarded.
JSHC-TPL12	ADRS00012684	Kliptown fire.	Damaged building	Repudiated	Fire was due to loadshedding.
JSHC-GPA9	ADRS00010761	Twisted ankle.	Injury	Repudiated	Claim closed due to injury on duty.
JSHC-GPA8	ADRS00010683	Hit by a car on duty.	Injury	Repudiated	Claim closed due to injury on duty.
JSHC-GPA10	ADRS00002333	Employee injured by MVA.	Injury	Repudiated	Claim close due to claimant was not off sick.
JSHC-TPL2	ADRS00000650	T/P sustained injuries after falling from the second floor to the second floor.	Third Party Liability	Settled	Settled, file closed.
JSHC-TPL3	ADRS00008688	Third party vehicle damaged by the gate.	Third Party Liability	Settled	Settled, file closed.
JSHC-TPL7	ADRS00007924	Third party vehicle damaged by gate.	Third Party Liability	Settled	Settled, file closed.
JSHC-TPL8	ADRS00010369	Third party's vehicle damaged by the gate.	Third Party Liability	Settled	Settled, file closed.

JSCH Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Claims Status Details
JSHC-TPL10	ADRS00000550	Damage to vehicle due to pothole. claims registered under the wrong entity. claim cancelled.	Third Party Liability	Settled	Duplicated.
JSHC-AC1	ADRS00007159	Stolen laptop and camera.	Theft	Settled	Duplicated.
JSHC-AC3	ADRS00010111	Fire damage to Citrine court.	Fire	Settled	Settled, file closed.
JSHC-AC7	ADRS00002533	Building unit caught fire.	Fire	Settled	Settled, file closed.
JSHC-AC8	ADRS00000982	The house caught fire due to oversupply of electrical power.	Fire	Settled	Settled, file closed.
JSHC-AC9	ADRS00001975	Power surge damaged the telephone system second cab's board, affecting cards causing the system to drop the calls and staff members were unable to hear the caller.	Power Surge	Settled	Settled, file closed.
JSHC-AC10	ADRS00001003	Tenants place caught fire damage due to heater.	Fire	Settled	Settled, file closed.
JSHC-AC11	ADRS00001978	Damage to new housing project was caused by public violence from community members.	Damage	Settled	Settled, file closed.
JSHC-AC12	ADRS00006622	Damage to property caused by fire.	Fire	Settled	Settled, file closed.
JSHC-AC13	ADRS00001973	Unit 102, 103. 104 and passage leading to the lady's toilet and to unit 105 were burnt.	Fire	Settled	Settled, File closed.
JSHC-AC14	ADRS00001463	Unit M208 at Turffontein caught fire in the bedroom, suspected horse play by kids.	Fire	Settled	Settled, file closed.

JSHC Claim No.	Insurer Claim No.	Description of Loss	Event	Claims Status	Claims Status Details
JSHC-AC21	ADRS00008771	Laptop was stolen.	Theft	Settled	File closed, employee no longer working for JOSHCO. Therefore, further info is unobtainable.
JSHC-AC23	ADRS00012165	Dobsonville incident.	Fire	Settled	Proof of payment sent.
JSHC-AC25	ADRS00012517	Tree fell on the roof.	Damage	Settled	Settled, file closed.
JSHC-AC26	ADRS00012526	Fire broke out behind the Antea stadium.	Fire	Settled	Settled, file closed.
JSHC-EPL3	ADRS00004082	Unfair dismissal.	Liability	Settled	Settled, file closed.
JSHC-EPL4	ADRS00006745	Unfair labour practice against a JOSHCO employee.	Liability	Settled	Settled, file closed.
JSHC-EPL10	ADRS00010789	Unfair labour practice	Liability	Settled	Settled, no claim from client/claim withdrawn/NTU.
JSHC-GPA12	ADRS00001315	Car accident.	Injury	Settled	Settled.

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

The amount which JOSHCO owes other departments or entities or that which other departments or government entity owe JOSHCO is shown in Table 18 below.

Table 18: Statement of amounts owed by or to government departments and public entities.

Name of department	31 December 2023	30 June 2023	Account Status	Comments
City of Johannesburg: Sweeping account	(1 514 332 129.96)	(1 112 952 480,00)	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: Salaries	(231 434 485.03)	(231 608 269,00)	180 days overdue	Operational subsidy is now applied to salaries. A payment arrangement to be entered.

Name of department	31 December 2023	30 June 2023	Account Status	Comments
City of Johannesburg: Municipal Charges	(267 742 277.59)	(257 259 491,00)	181 days overdue	A payment arrangement to be entered.
City of Johannesburg: Human Settlements	652 450 404.00	835 633 073,00	180 days overdue	Investigation of some of the invoices underway.
City of Johannesburg: Treasury	5 958 169,39	5 958 169,39	180 days overdue	Engagements ongoing with Treasury to settle this amount.
City of Johannesburg: CAM	191 936 555.00	107 872 271,00	180 days overdue	All claims have been submitted, awaiting payment
City of Johannesburg: Health Department	27 005 680.06	23 840 070,00	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: Development planning GEF Project	2 141 642.45	1 313 642,00	90 days	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: Environmental infrastructure	100 000,00	100 000,00	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: Community Development	129 563 472,10	87 228 220,00	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: Legislature	37 033 163.53	23 131 553,00	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: JMPD	57 349 585.10	46 576 611,00	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: EMS	39 139 775.88	27 277 822,00	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: Office of the COO	13 937 611.39	10 990 332,00	150 days	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg: Transport	13 692 950.68	2 620 590,00	150 days	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg- Social Development	2 152 074.84	1 814 127,00	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
City of Johannesburg -Economic Development	24 808 000.00	0.00	Current	

Name of department	31 December 2023	30 June 2023	Account Status	Comments
City of Johannesburg- Financial Accounting	4 051 416.67	0.00	Current	
City of Johannesburg: Licencing	9 944 600,00	9 944 600,00	180 days overdue	SDA issues has prevented CoJ from settling amounts due to Joshco.
TOTAL	(802 243 790.53)	(401 550 402,82)		

- The Service Delivery Agreement (SDA) issues arose when communication was received from merchant payments that the entity should have not executed projects which are outside the mandate. As a result of the issue with the mandate, there has been no movements in amounts owed by other departments (excluding Human Settlements) as payment could not be made for work done.
- The JOSHCO ACEO presented a report to the Mayoral Committee on Friday 27 October 2023 requesting for JOSHCO to be paid monies due.
- The mayoral committee resolved that Group Governance must facilitate a meeting with all departments and entities affected by non-payment to address the non-payment and resolve the matter. The meeting was also to deal with incomplete work done by Joshco.
- Per the resolution, Group Governance convened a meeting with JOSHCO and the departments. The Departments have been requested to prepare ratifications reports in order for JOSHCO to be paid.

CHAPTER 6

INTERNAL AUDIT

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the second quarter of the 2023/2024 financial year, Internal Audit completed all the planned reviews except Housing Development Audit and SHRA Compliance Audit.

The Housing Development Audit was planned to be outsourced to an engineering consultant, however, there have been delays in the process of getting the proper consultants to perform the work. Internal Audit is currently engaging the CFO and Supply Chain Management unit so that the consultant is sourced, it is anticipated that by the end of February 2024 the consultant will have been appointed.

SHRA Compliance Audit is in the reporting stage, the delay was caused by capacity issue within the Internal Audit department.

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

- Stakeholder Management Audit - Full Audit
- Audit of Performance Information (AOPO) – Full Audit
- 9 Tender Probity Reviews.
- Follow-up on Internal Audit Findings.

The table below is the approved Internal Audit Plan for the 2023/2024 financial year, and it further indicates the progress:

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
1	Payroll Review			X		Not Started
2	Review of the Annual Financial Statements	X				Completed
3	Review of the Interim Financial Statements				X	Not Started
4	Supply Chain Management Audit			X		Not Started
5	Revenue and Debtors Management Audit				X	Not Started
6	Financial Discipline Review			X		Not Started
7	Tender Probity Review	X	X	X	X	Continuous
8	Costing and Budget Management Audit				X	Not Started
9	Housing Development Audit (<i>Outsourced</i>)		X			Overdue
10	IT Security Review (<i>Outsourced</i>)			X		Not Started
11	Stakeholder Management Audit		X			Completed
12	Housing Leasing Management Audit				X	Not Started
13	Performance Information Review	X	X	X	X	Continuous
14	SHRA Compliance Review		X			In Progress
15	Follow-up on Internal Audit Findings	X	X	X	X	Continuous
16	Follow-up on AG Findings	X		X	X	Continuous
17	UIFW Investigations Expenditure	X	X	X	X	Continuous

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

The table below indicates the resolution of Internal Audit findings for quarter 2:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	4	4	3	1
Chief Operating Officer (COO)	10	10	10	0
Corporate Services	6	6	6	0
Planning & Strategy	10	10	9	1
Total	30	30	28	2
%	100%	100%	93%	7%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

No External Audit Findings were conducted in Quarter 2 as per the Internal Audit Plan. External Audit findings will be reviewed in Q3 after receiving signed Management Report from AGSA. The table below indicates the resolution of External Audit findings as of 30 September 2023 (Q1):

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting the auditor's opinion	4	3	1
Other important matters	16	16	0
Administrative matters	0	0	0
Total	20	19	1
%	100%	95%	5%

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

In the second quarter of the 2023/2024 financial year, Internal Audit completed two (2) audits, nine (9) probity reviews and one (1) Internal Audit follow-up review. Based on the findings raised in these audits, Internal Audit concluded that the organisation's controls are generally **adequate but can be improved upon**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors' recommendations and resolution of audit findings. However, the level of control environment is not at a satisfactory level. Management should ensure that controls are continuously monitored, this will assist in ensuring that organisation's objections will be achieved.