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## Q2 QUARTERLY PERFORMANCE REPORT 2024/25



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

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

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

**COMPANY INFORMATION:**

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

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

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

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

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

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

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

Approval

<p><u>Musa Nkosi</u> Name &amp; Surname Acting Chief Financial Officer</p>		<p>Date of Approval: <u>06/01/2025</u></p>
<p><u>Nokwazi Mtshali</u> Name &amp; Surname Acting Chief Executive Officer</p>		<p>Date of Approval: <u>06/01/2025</u></p>
<p><u>Dikamithi Theodore</u> Name &amp; Surname Chairperson of the Board</p>		<p>Date of Approval: <u>24-01-25</u></p>
<p><u>Mlungisi MABISO</u> Name &amp; Surname Member of Mayoral Committee</p>		<p>Date of Approval: <u>31/01/25</u></p>

## ABBREVIATIONS

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

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## LEADERSHIP AND CORPORATE PROFILE



## **SECTION 1: CHAIRPERSON'S FOREWORD**

In the second quarter of the 2024/25 financial year, we face an important moment for the Johannesburg Social Housing Company (JOSHCO). We celebrate our success in delivering 184 new housing units at Riverside View and maintaining a 98% occupancy rate across our rental properties. However, we must take immediate action to address the challenges we are experiencing.

JOSHCO's mission is to provide affordable, quality housing and improve the lives of Johannesburg's residents. This mission is at risk due to ongoing issues. Rent boycotts, financial deficits, and economic hardships among our tenants highlight the urgent need for strong measures. These challenges are further compounded by the current financial challenges of the City, which have shown impact in our operations.

Despite these challenges, we are determined to move forward. JOSHCO is implementing strategies to improve revenue collection, such as using digital tools and enhancing our governance practices. However, we need support from the City of Johannesburg and all our partners to ensure we can fulfil our goals for ensuring adequate rental housing for the communities withing the City of Johannesburg.

Looking ahead, JOSHCO is committed to becoming financially sustainable, improving our services, and ensuring the dignity and safety of our tenants. We are launching projects like biometric security systems and expanding job creation initiatives through the EPWP. Still, we need more than just small improvements.

This foreword is both a summary of our progress and a call to action. JOSHCO cannot succeed alone. It is through teamwork, commitment, and shared responsibility that we can overcome our challenges and serve the people of Johannesburg effectively.

Let us move forward with clear purpose and determination.

**Mr. Theodore Zithulele Dhlamini**

Chairperson of the Board

Johannesburg Social Housing Company (JOSHCO)

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

### **Introduction**

The Johannesburg Social Housing Company (JOSHCO) continues to make significant strides in addressing the housing needs of the City of Johannesburg. Our efforts in the second quarter of the 2024/25 financial year have been focused on enhancing service delivery, improving financial sustainability, and ensuring effective governance. This report provides an overview of our performance during this period.

### **Operational Performance**

During quarter two, we successfully launched 184 units at Riverside View, which are now ready for tenancing. Additionally, 80 units at 106 Claim Street Social Housing Project have been completed. The occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above, demonstrating our commitment to providing quality housing to our tenants.

### **Revenue and Financial Performance**

Our collection levels have improved, with a **72%** collection rate for current tenant rentals. However, challenges such as rent boycott campaigns and economic hardships among tenants have impacted our overall collection rate. The financial performance for the period ended 31 December 2024 resulted in a deficit of R215.687 million. This deficit is primarily due to insufficient income to cover fixed expenses and several expense line items being over budget.

### **Capital Expenditure**

JOSHCO's verified spend for the quarter under review is R135.27 million, which is 50% of the total CAPEX budget approved. This expenditure reflects our ongoing commitment to developing and maintaining our housing projects.

### **Strategic Initiatives**

We have deployed digital tools such as the JOSHCO APP for tenant allocation, which has contributed to higher rental income. To improve on rental collection, we have initiated debichek payment solution to ensure rentals are paid on time and we have seen a great improvement. Additionally, we have implemented biometric systems at various estates to enhance security and monitor illegal occupants.

### **Job Creation and Community Development**

During the quarter, we created 330 EPWP work opportunities, surpass our target of 250. This initiative supports job creation and skills development within our communities. Furthermore, we supported 15 SMMEs against a quarterly target of 15, contributing to local economic growth and development.



## **Conclusion**

Despite the challenges faced, JOSHCO remains committed to its mission of providing affordable social housing and improving the quality of life for the residents of Johannesburg. Our strategic initiatives, coupled with effective governance and risk management, position us well to achieve our objectives and deliver sustainable service delivery. We will continue to work diligently to overcome obstacles and enhance our operational performance in the coming quarters.

**Ms. Nokwazi Mtshali**

**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**

Total revenue is below budget by R5, 2 million. The biggest contributor to revenue earned in the current financial year is rental income, making up 46% of total revenue. Rental income is 13% over budget due to tenant allocation of projects was higher than projected as a result of the use of JOSHCO APP. i.e. Ekhaya Gardens, Riverside View and Lufhereng. Management fees have decreased by 78% due to no new work being done on behalf of other CoJ departments as a result of non-payment and issues with the Service Delivery Agreement not allowing JOSHCO to be an implementing agent for any of the CoJ departments except the Department of Human Settlements. The interest income charged on overdue rental debtors is above budget by R11,3 million due to the high levels of long outstanding and historic debt from tenants.

The entity's collection levels resulted in 65% for current tenant rentals for the 2<sup>nd</sup> Quarter of 2024.25 FY ending on 31 December 2024 as shown in **Table 40** in Chapter 5. Collections in respect of SHRA funded Projects is 67%, JOSHCO Projects is 80%, and City Stock at 29%, whilst the Retail space is at 109%. The collection rate excluding city referral stock is 72%.

The collection rate has increased when compared to the previous quarter from 61% to 65%.

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

#### **Financial Performance**

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 December 2024 resulted in a deficit of R215,687 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several expense line items being over budget. The reasons and mitigations are addressed in Chapter 5.

#### **CAPEX Expenditure**

JOSHCO's verified spend for the quarter under review is R135, 27 million, which is 50% of the total CAPEX budget approved, and is also the target for JOSHCO for Q2.

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

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

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

## **SECTION 5: STRATEGIC OBJECTIVES**

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

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

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

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

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

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

# CHAPTER

# 2

## GOVERNANCE



## SECTION 1: BOARD OF DIRECTORS

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

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

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

**Table 2: Board Composition as at 31 December 2024.**

Members	Capacity	Gender	Status	Qualifications
Mr Zamikhaya Wauthus Xalisa *Appointed on 31 July 2024	Non-Executive Director	M	Active	Masters in Sustainable Agriculture (MSA) Masters in business administration (MBA)-
Mr Albert Baloyi *Appointed on 31 July 2024	Non-Executive Director	M	Active	Bcom Accounting
Mr Lawrence Mduduzi Ndlovu *Appointed on 31 July 2024	Non-Executive Director	M	Active	Bachelor of Art in Philosophy
Mr Ntokozi Mjijako *Appointed on 31 July 2024	Non-Executive Director	M	Active	LLB PDM-S MPhil
Ms Bayiphiwe Simelane *Appointed on 31 July 2024	Non-Executive Director	F	Active	Diploma in public relations and communication
Ms Thandeka Tshabalala *Appointed on 31 July 2024	Non-Executive Director	F	Active	Post grad in financial planning
Mr Musa Shibambu *Appointed on 31 July 2024	Non-Executive Director	M	Active	Master of Philosophy in International Business



Ms Tabisa Poswa *Appointed on 31 July 2024	Non-Executive Director	F	Active	Baccalaureus Juris Baccalaureus Legum – LLB
Mr Jason Sobekwa *Appointed on 31 July 2024	Non-Executive Director	M	Active	Bachelor of Accounting MBA
Mr Thulani Alfred Mdadane *Appointed on 31 July 2024	Non-Executive Director	M	Active	MBA MSC M.Phil PHD
Mr Sello Molapane Mothotoana	Executive Director (CEO)	M	Active Seconded to GICT on 2 April 2024)	N. Diploma Municipal Administration, B Tech. Public Management, M Tech. Public Management
Mr Musa Nkosi	Executive Director	M	Active (Appointed as acting CFO on 18 September 2024)	Postgraduate Diploma in Accounting Sciences Bachelor of Accounting Science (WITS)
Ms Nokwazi Mtshali	Executive Director	F	(Appointed as acting CEO on 26 August 2024)	Bachelor of Arts Degree in Media and Communication  Postgraduate Diploma in Management in the field of Public and Development Sector Monitoring and Evaluation  Certificate in Municipal Financial Management
<b>Independent Audit Members</b>				
Mr Obed Thenga	Independent Audit Committee Member	M	Active	BCom Honours
Mr Steven Piet Ngobeni	Independent Audit Committee Member	M	Active	National Diploma (Town/Urban and Regional Planning) BTech Degree (Town/Urban and Regional Planning) MA (Development Studies) MSc (Built Environment) MPA (Public and Development Management) LLM (International Business) PhD(Real Estate)

Ms Thulisile Mfusi	Independent Audit Committee Member	F	Active	Honours Degree in Accounting Science
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## 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 as at 31 December 2024

Jason Sobekwa	Non-Executive Director (Chairperson)
Albert Baloyi	Non-Executive Director
Obed Thenga	Independent Audit Committee Member
Thulisile Mfusi	Independent Audit Committee Member
Piet Ngobeni	Independent Audit Committee Member

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

- Financial reporting and reliability of financial information.
- Business planning and budget implementation.
- Identification of financial, business and operational risk areas of the company to be covered in the scope of internal and external audits.
- Ensuring that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship of the company with the Auditor General of South Africa.
- Reviewing the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg.
- Reviewing the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible wrongdoing or improprieties in financial reporting and other matters.

- Monitoring and review of the performance information provided by the company against the approved business plan, the City's Integrated Development Plan and the Growth and Development Strategy and providing the Board of Directors with an authoritative and credible view of the performance of the company.
- Monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.
- Ensuring that risk management assessments are performed on a continuous basis.
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Expressing a formal opinion on the effectiveness of the system and process of risk management; and
- Reviewing reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

### 1.1.2.2 Social, Ethics & Human Resource Committee

The Committee consists of the following members: -

#### Social, Ethics & HR Committee as at 31 December 2024

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

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

- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consideration of the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Selection of an appropriate comparative source when comparing remuneration levels.
- Advising on the remuneration of non-executive directors.

- Management development and succession plans for executive levels.
- Making recommendations to the Board where necessary or taking approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.
- To draw matters to the attention of the Board as required, and
- To report to the Shareholder at the AGM on matters within its mandate.

### 1.1.2.3 Development Committee

The Committee consists of the following members:

#### Development Committee as at 31 December 2024

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

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

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

## 1.2. BOARD AND COMMITTEE MEETING ATTENDANCES

### 1.2.1. BOARD AND COMMITTEE MEETINGS ATTENDANCES

- The Board held one **(1)** ordinary meeting in Q2 of 2024/25 FY (Ordinary Board Meeting – 15 October 2024 and two **(3)** Special Meetings held on 30 August 2024, 26 September 2024 and 28 November 2024.
- The Audit and Risk committee held one **(1)** ARC meeting (Ordinary ARC meeting 08 October 2024) and **two (2)** Special meeting held on 29 August 2024 and 26 November 2024.

- c) The Social, Ethics and Human Resource Committee held one **(1)** Meeting (Ordinary Social, Ethics and Human Resource Meeting – 07 October 2024) and one special meeting on 26 September 2024
- d) The Development Committee held one **(1)** meeting (Ordinary Development Committee Meeting – 07 October 2024).

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

**Table 3: Board Meeting attendances as at 31 December 2024.**

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
<b>Number of Meetings</b>	<b>2</b>		
Mr Theodore Dhlamini	2	0	0
Mr Zamikhaya Wauthus Xalisa	2	0	0
Mr Albert Baloyi	2	0	0
Mr Lawrence Mduduzi Ndlovu	2	0	0
Mr Ntokozo Mjyako	2	0	0
Ms Bayiphiwe Simelane	2	0	0
Ms Thandeka Tshabalala	2	0	0
Mr Musa Shibambu	2	0	0
Ms Tabisa Poswa	2	0	0
Mr Jason Sobekwa	2	0	0
Dr Thulani Alfred Mdadane	2	0	0
Mr Sello Molapane Mothotoana	0	0	0
****Ms Mokwazi Mtshali	2	0	0
*****Musa Nkosi	2	0	0

**Table 4: Board Committee Meetings attendances as at 31 December 2024**

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
<b>Number of Meetings</b>	<b>2</b>			<b>1</b>			<b>1</b>		
Mr Theodore Dhlamini	-	-	-	1	0	0	-	-	-
Mr Zamikhaya Wauthus Xalisa	-	-	-	-	-	-	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
Mr Albert Baloyi	1	0	0	-	-	-	-	-	-
Mr Lawrence Mduduzi Ndlovu	-	-	-	-	-	-	1	0	0
Mr Ntokozo Mjiyako	-	-	-	1	0	0	-	-	-
Ms Bayiphiwe Simelane	-	-	-	-	-	-	1	0	0
Ms Thandeka Tshabalala	1	0	0	-	-	-	1	0	0
Mr Musa Shibambu	-	-	-	1	0	0	-	-	-
Ms Tabisa Poswa	-	-	-	-	-	-	1	0	0
Mr Jason Sobekwa	1	0	0	-	-	-	-	-	-
Dr Thulani Alfred Mdadane	-	-	-	1	0	0	-	-	-
Mr Obed Thenga	1	0	0	-	-	-	-	-	-
Ms Thulisile Mfusi	1	0	0	-	-	-	-	-	-
Dr Piet Ngobeni	1	0	0	-	-	-	-	-	-
Mr Sello Molapane Mothotoana	0	0	0	0	0	0	0	0	0
Ms Nokwazi Mtshali	1	0	0	1	0	0	1	0	0
Mr Musa Nkosi	1	0	0	1	0	0	1	0	0

### 1.3 REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors, and Independent Audit Committees of 2021 FY. Remuneration reflects figures from the Q2 of the FY 2024/25.

**Table 5: Board of Directors Remuneration as at 31 December 2024**

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	**R88 000.00
Mr Zamikhaya Wauthus Xalisa	Non-Executive Director	R56 000.00
Mr Albert Baloyi	Non-Executive Director	R56 000.00
Mr Lawrence Mduduzi Ndlovu	Non-Executive Director	R70 000.00
Mr Ntokozo Mjiyako	Non-Executive Director	R56 000.00
Ms Bayiphiwe Simelane	Non-Executive Director	R56 000.00
Ms Thandeka Tshabalala	Non-Executive Director	-

Mr Musa Shibambu	Non-Executive Director	R56 000.00
Ms Tabisa Poswa	Non-Executive Director	R56 000.00
Mr Jason Sobekwa	Non-Executive Director	**R100 000.00
Mr Thulani Alfred Mdadane	Non-Executive Director	-
<b>Total</b>		<b>R656 000.00</b>

\*fees include strategic planning session

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

**Table 6: Independent Audit and Risk Committee members' remuneration as at 31 December 2024.**

Name	Designation	Remuneration
Mr Obed Thenga	Independent Audit Member	R16 000.00
Mr Steven Piet Ngobeni	Independent Audit Member	R24 000.00
Ms Thulisile Mfusi	Independent Audit Member	R32 000.00
<b>Total</b>		<b>R56 000.00</b>

**Table 7: Executive Management remuneration as at 31 December 2024.**

Name	Designation	Remuneration
Mr Sello Molapane Mothotoana	Chief Executive Officer	R 648 003,52
Ms Nontobeko Ndimande	Chief Financial Officer	R 559 475,18
Ms Nokwazi Mtshali	EM: Corporate Services / Planning & Strategy	R 647 542,87
Ms Madonna Rangaka	Company Secretary	R 243 345,24
<b>Total</b>		<b>R 2 098 366,81</b>

#### 1.4 COMPANY SECRETARIAL FUNCTION

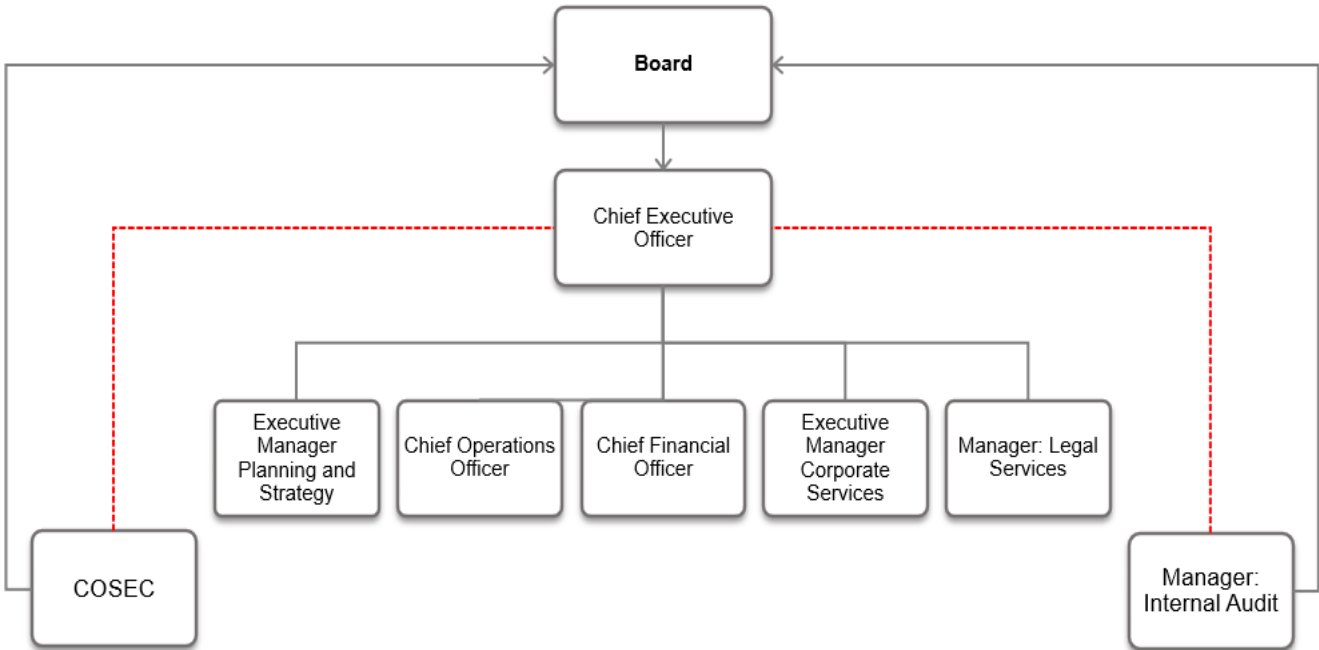
The Company Secretary has a key role to play in ensuring that Board procedures are followed and regularly reviewed. As per Section 88 of the Companies Act, a company secretary's duties include, but are not restricted to (a) providing the directors of the company collectively and individually with guidance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

## SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

This diagram demonstrates how the core business of JOSHCO feeds into the different divisions/departments within the organisation. JOSHCO's core business comprises of two departments 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 1: 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 2024. 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.

**Table 8: JOSHCO Top 5 Strategic Risks as at 31 December 2024**

Top Five (5) Strategic Risks					
No.	Risk Description	Residual Risk Rating	Residual Risk Rating	Consequences	Mitigation Progress to Date
		Q1	Q2		
1.	Inability to continue as a going concern	Very High	Very High	<ul style="list-style-type: none"> <li>Inability to meet organisational operational and financial obligations.</li> <li>Low collection rate.</li> <li>Inability to implement our planned operational expenditure.</li> <li>Continued deficit.</li> <li>Poor financial performance, credit risk and bad reputation.</li> <li>Cashflow challenges.</li> </ul>	<ul style="list-style-type: none"> <li>The Debi Check process is in place and ongoing. Debi Check is loaded as a payment method for all new leases and acknowledgement of debt is loaded on the system.</li> <li>The installation of Biometric system at Riverside View Phase 3 has been completed, however there is no budget allocated for the following projects, 50 Durban Street, Abel Street, Fleurhof Junction and Tshedzani.</li> <li>The stakeholder strategies are addressing and responding to issues as they come along.</li> <li>Management fee on projects executed on behalf of Human Settlement Department will be negotiated during</li> </ul>

Top Five (5) Strategic Risks					
No.	Risk Description	Residual Risk Rating		Consequences	Mitigation Progress to Date
		Q1	Q2		
				<ul style="list-style-type: none"> <li>Increased interest expenditure that is not budgeted for.</li> </ul>	<ul style="list-style-type: none"> <li>the drafting of a new SLA.</li> <li>Ongoing, monthly expenditure reviews</li> <li>Project Office has established a limit of R100 million for the total cost of Projects on behalf of other Departments</li> <li>Monthly communication with inter-company departments.</li> <li>A process has commenced to identify available space for outdoor advertising.</li> </ul>
2.	Occurrences of safety and security incidents at JOSHCO facilities	Very High	High	<ul style="list-style-type: none"> <li>Injuries and fatalities.</li> <li>Theft.</li> <li>Financial losses due to illegal tenants not paying rent directly to JOSHCO.</li> <li>Litigations from tenants.</li> <li>Fines and penalties by the</li> </ul>	<ul style="list-style-type: none"> <li>Customer queries are responded to as per SLS</li> <li>The installation of Biometric system at Riverside View Phase 3 has been completed, however there is no budget allocated for the following projects, 50 Durban Street, Abel Street, Fleurhof Junction and Tshedzani.</li> <li>During the quarter under review there were no Health and Safety training conducted.</li> </ul>

Top Five (5) Strategic Risks					
No.	Risk Description	Residual Risk Rating		Consequences	Mitigation Progress to Date
		Q1	Q2		
				Department of Labour and Employment as well as other regulatory bodies leading to potential financial losses.	
3.	Inability to deliver capital projects on time	High	High	<ul style="list-style-type: none"> <li>• Non-attainment of medium to long term project revenue because of limited number of social housing and affordable housing units built.</li> <li>• Litigation by service providers for non- payment.</li> <li>• Inability to fulfil service delivery standards.</li> <li>• Increased projects costs.</li> <li>• Project delays/stoppage.</li> </ul>	<ul style="list-style-type: none"> <li>• A draft budget adjustment has been submitted to the City awaiting approval.</li> <li>• There were no contracts terminated in Q2 for non-performance.</li> <li>• comprehensive community engagement plan has been developed to mitigate the risk. (The plan is focused on the broader JOSHCO stakeholders. The purpose of the plan is to ensure that JOSHCO stakeholders are covered and engaged accordingly).</li> <li>• This is a proactive action which is an improvement from the previous years where JOSHCO was reactive after the fact. There were no project stoppages in this quarter.</li> </ul>
4.	Business Interruption	High	High	<ul style="list-style-type: none"> <li>• Loss of critical information/ and access to JOSHCO bank account</li> </ul>	<ul style="list-style-type: none"> <li>• All servers are running the latest security updates,</li> </ul>

Top Five (5) Strategic Risks					
No.	Risk Description	Residual Risk Rating		Consequences	Mitigation Progress to Date
		Q1	Q2		
				<p>details leading to potential financial losses.</p> <ul style="list-style-type: none"> <li>• Non-compliance with POPIA resulting in fines, penalties, and imprisonment.</li> <li>• Inability to proactively respond to disasters and continue with JOSHCO operations.</li> <li>• Network connectivity unavailability.</li> </ul>	<p>including the backup.</p> <ul style="list-style-type: none"> <li>• The Business Continuity Steering Committee convene on quarterly basis, the Q2 meeting was held on 26 November 2024.</li> <li>• DR test was successfully conducted on 11 October 2024.</li> <li>• Measures are in place to respond to different energy challenges, I.e., UPS and generator.</li> <li>• Secondary Link was implemented and continues to provide high network availability.</li> </ul>
5.	Aging infrastructure.	High	High	<ul style="list-style-type: none"> <li>• High maintenance cost leading to financial loss.</li> <li>• Inability to complete planned maintenance at JOSHCO projects.</li> <li>• Unhappy tenants leading to reputational damage and non-payments/rental boycotts.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Maintenance Plans are in place.</li> <li>• Implementation of the multiyear building conditional assessment recommendations has not commenced due to budget constraints</li> </ul>

Top Five (5) Strategic Risks					
No.	Risk Description	Residual Risk Rating	Residual Risk Rating	Consequences	Mitigation Progress to Date
		Q1	Q2		
				<ul style="list-style-type: none"> <li>Loss of life.</li> </ul>	

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

### 3.2. RISK OVERSIGHT

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

The Risk and Compliance Unit within the Business Planning and Strategy Department monitors mitigation action plans aimed at managing strategic and operational risks towards acceptable residual risk levels.

The Risk and Compliance Unit engages with the respective risk owners for progress on implementation of mitigation actions on a continuous basis.

#### Residual Risk Movement

Below is the summary of the strategic residual risk rating movement assessed in Q2 for the FY 2024 – FY 2025.

- The monitoring process for Q2 indicate that all the strategic risks remained unchanged for the quarter under review.
- There is one (1) mitigation which was not implemented during the quarter under review (implementation of building conditional assessment), this could not be achieved due to budget constraints.
- Based on the data reflected on the strategic risk register the total proportion of actions taken to manage residual risk(s) in the control environment for the quarter is **(21/22) 95%** compared to the quarterly target of **95%** and **(25/31) 80%** compared to the annual target of **100%**.

### 3.3. INFORMATION ON EMERGING / NEW RISKS

There is a national rise of extortions incidents, where ordinary citizens and business owners are forceful made to pay protection fees against their assets or for a secured living /operating environment. The disruption of livelihood and business operation in areas where JOSHCO projects currently exist, or where future projects to be launched present a negative perspective to the current and potential JOSHCO customers.

Above living/operating cost, potential JOSHCO clients should make a safety assessment of the availability and functionality of the law enforcement agencies, SAPS in the areas where JOSHCO projects exists or may be launched. Some of the risk to customers may include the following:

- **Threat and Violence:** Extortion often involves threats and intimidation, creating a climate of fear and insecurity for residents.

- **Property Damage:** Extortionists may resort to vandalism or property damage, affecting the safety and value of residents' homes.
- **Service Delivery Delays:** Extortion can disrupt essential services like maintenance, security, and waste removal, leading to poor living conditions.
- **Increased Costs:** To mitigate the risks of extortion, social housing companies may be forced to increase rental fees or implement additional security measures, which can burden tenants.

Majority of the root causes relates to the lack of police visibility in the communities, where citizens cannot rely on pro-active protection from the SAPS. In other cases, it relates to over-population of the area's leading to uncontrollable and ungovernable communities and increasing unemployment minimising the legitimate ways of making a living leading to increase possibilities of crime.

JOSHCO primary objectives is to provide, affordable rental housing units to the middle, working class of the citizens of the City of Johannesburg re-addressing the social division. These objective stands threaten by the cost to customer currently associated with mitigating the threats of extortion. JOSHCO as company can begin to lose public trust as a provider of safe, affordable accommodation and may lead to losing existing customers.

As a way of intervention to manage the possibilities. JOSHCO may have a Memorandum of Understanding with Johannesburg Security Agencies to allocate/channel resources to pro-actively safeguard the clients of JOSHCO. Continues engagement with SAPS to strengthen police presence.

### **3.4 BUSINESS CONTINUITY**

The 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 2024, and key aspects of the approved BCP and testing were discussed in detail, as well as the Crisis Communication Plan, Emergency Evacuation Plan and the quarterly Disaster Recovery Testing Report.

The committee convenes quarterly to discuss important matters related to business continuity and disaster recovery.

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

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



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

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

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

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. To date a total number of five (5) open cases were reported, one (1) case has been transferred to HAWKS. The below table depicts progress update provided by GFIS on all reported open cases:

**Table 9: GFIS Progress on Open Cases as at 30 December 2024**

GFIS No	Date Registered	Allegation	Status
27/08/2018	2018/04/08	Alleged Fraud and Corruption at JOSHCO.	<ul style="list-style-type: none"> <li>Final stage of investigation</li> <li>Draft report is completed, only waiting for the outstanding information from JOSHCO.</li> </ul>
12/11/2021	2021/11/12	Alleged maladministration at JOSHCO, whereby a drama series was shot and aired on Channel 157 MOJA-LOVE, at the Roodepoort property without following the proper authorisation process of the location.	In-progress
39/12/2021	2021/12/15	Alleged maladministration with regards to the appointment of the ICT Manager, in which the recruitment process was marred with gross irregularities.	In-progress
26/09/2022	2022/09/14	Alleged fraud and corruption where there are fraudulent debit orders that are deducting from JOSHCO Standard bank account. The debit orders are deducted every month in respect of MFC (Vehicle), Tekkie town (Sneakers), Virgin Active (Gym), Truworths and Sanlam.	In-progress

GFIS No	Date Registered	Allegation	Status
35/10/2024	29/10/2024	Alleged Fraud and corruption in the allocation of Houses / a housing scam happening at Devland Project	The matter has been transferred to the HAWKS/ SAPS.

#### 4.1 ANTI FRAUD & CORRUPTION CAMPAIGN

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

The Marketing and Communication Department partnered with Risk and Compliance Unit, Housing Management Department (Leasing Unit) to conduct Anti-Fraud and Scammers Awareness in Riverside Mall on the 14th and 15th November 2024.

On the 15<sup>th</sup> November 2024, the Risk Unit partnered with the Stakeholder Unit and the Leasing Unit to conduct Outdoor Anti - Fraud and Corruption Campaign's at Riverside Phase 3 Project post the closing of the QR Code for applications.

There was a great turnout for both awareness sessions, they were a success. Awareness has been created as intended. Below are pamphlets that were used for the awareness campaigns, as well as pictures taken during these awareness sessions.

Below are few pictures taken during these awareness campaigns.



## SECTION 5: ICT GOVERNANCE

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

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

### Disaster Recovery

JOSHCO has a Fully Managed Datacentre (FMDC) to ensure business continuity. All critical services of the organization are replicated to the DR site, ensuring that JOSHCO operations can continue even in the event of a disaster. A scheduled quarterly Disaster Recovery Test was successfully performed on October 11, 2024.

#### Scope of Work

No	Scope	Comment
1.	Critical Systems and Applications	1 VM was identified and tested
2.	Data Backup and Restoration	Data on the DR site matches data in Production
3.	Assessment of Recovery Time Objectives	Data verification testing conducted
4.	Network	VM's in both sites are remotely accessible
5.	Verification of Data Integrity	VM's in both sites are functioning as expected
6.	Infrastructure Components	DR site has sufficient resources
7.	Access and Authentication	Users with Admin rights performed parallel data verification

### Network Availability

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

### Patch Management

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

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

All servers have received the monthly patches and up to date.

All devices have received the monthly security patches for Q2, summing up the quarterly compliance to 100%, though not all have installed the December Security update resulting in compliance sitting at 84.62% of devices running the latest update.

The patch compliance level for the December Security Update is owing to the December holidays, with the update being released on the second week, it meant only a fraction would install as staff were either on leave or going on leave before the update can install, coupled with office closure. The ICT team is attending to the remaining devices to ensure at least 100% for each month's Security Update.

### **Datacentre Uptime/Downtime**

JOSHCO Head Office experienced a power outage on the 17<sup>th</sup> of November 2024 due to maintenance activities at local substations. City Power reported an outage at 02:25 AM. However, the ICT department was able to ensure operations continued with minimal impact, this is due to the installed UPS System which takes over when there is no power at the Head Office.

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

### **Cybersecurity**

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

During Quarter 2, JOSHCO did not encounter any cyber threats due to the hardened security measures currently in place. Information Security is actively monitoring the environment through various tools deployed on the infrastructure. However, there is a need to fill Information Security vacancies within the ICT department to ensure a continued stable environment.

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.

### **ICT Steering Committee**

The ICT Steering Committee convened on the 23<sup>rd</sup> December 2024 to receive Internal Audit Reports, review ICT Policies in preparation for the ARC and Board Meetings to be held in January 2025. Amongst the documents reviewed, the ICT Steering

Committee Charter was central in the review process to ensure strong ICT governance structures are formed to oversee and steer the ICT department in line with JOSHCO's primary reason for existence.

### **The ICT Operational Risk Workshop**

During the quarter under review, the ICT department, in collaboration with the Risk and Compliance Department, formulated the 2024-25 ICT Operational Risk Register which consists of five (5) risks which are likely to affect the organisation.

The operational risks are:

1. Loss of Business Data and Information
2. Cybersecurity Threats
3. Network Outages
4. System Downtime
5. Inability to adhere to ICT changes

### **Revenue Management Digital Tool**

A digital tool was developed for the Revenue Department through Business Process Re-Engineering to manage revenue queries and monitor credit control activities. This tool enabled quicker resolution of customer queries, improving overall satisfaction. Additionally, it provided real-time insights into credit control operations, allowing the department to make more informed decisions.

### **Performance Management Tool for the Learning and Development Department:**

The Performance Management tool introduced by the Learning and Development department was further enhanced to include digital performance appraisals. This digital solution simplified the process of completing and submitting appraisals, saving time for both employees and managers.

Additionally, it improved the accessibility and organization of appraisal data, facilitating better performance tracking and analysis.

### **Logging and Tracking System for the Stakeholder Management Department:**

A logging and tracking system was designed for the Stakeholder Engagement Management department. This tool made it easier to organize and monitor engagement requests. By increasing transparency and accountability, the department could manage these requests more effectively.

### **Microsoft 365 Tools Workshop**

A workshop on using Microsoft 365 (Formerly Office 365) tools was facilitated for JOSHCO staff in collaboration with Microsoft South Africa. This training was designed to help employees better utilize applications such as MS Teams, SharePoint, and OneDrive. The workshop enhanced staff productivity by improving collaboration skills and streamlining document management and workflow processes.

## Current and Future Projects

Project	End User Department	Status
Maintenance Escalations	Housing Management	Completed
JOSHCO e-Leasing (JOSHCO APP)	Leasing	Completed
System Center Service Manager	Entire Organisation	Completed
Customer Service Portal	Customer Service	Completed
Supplier Database Repository	Supply Chain Management	Completed
Website Hosting	Marketing & Communications	In Progress
KPI Management Tool	Entire Org	In Progress
Sage Intacct Upgrade	Finance	Completed
VoIP Migration	Entire Org	Completed
Revenue Management Digital Tool	Revenue	Completed
Performance Management Tool	Learning & Development	Completed
Logging and Tracking System	Stakeholder Management	Completed
Review of ICT Policies	Entire Org	Initiated

## 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 12 below reflects the five (5) Acts that did not reach 100% compliance. Twenty-eight (100%) Acts were assessed in the quarter under review and twenty-three (23) of those acts have reached 100% compliance. The current compliance level for this Quarter stands at 99% against a target of 98%.

**Table 10: Action Plan showing of the five Assessed Legislations**

Act Name	Q1 % Compliance	Q2 % Compliance	Comments on non-compliance	Act Owner	Action Plans	Progress to address non-compliance	Period
1. Employment Equity Act, No. 55 of 1998	100%	97%	<ul style="list-style-type: none"> <li>JOSHCO did not assign one or more Senior Managers to take responsibility for monitoring and implementing an Employment Equity Plan, provide the Managers with the authority and means to perform their functions and take reasonable steps to ensure that the Managers perform their functions.</li> <li>JOSHCO did not display a notice at the workplace in the prescribed form, informing Employees about the provisions of this Act.</li> </ul>	EM: Corporate Services	<ul style="list-style-type: none"> <li>Appointment of an EE Champion to ensure implementation of the EE Act and execution of the requirement of Section 24 of the EE Act.</li> <li>JOSHCO to ensure that an EE notice is displayed in its offices</li> </ul>	Action plans assigned in Q2 and to reported in Q3	31 March 2025
2. Basic Conditions of Employment Act, No. 75 of 1997	100%	95%	<ul style="list-style-type: none"> <li>JOSHCO does not ensure that paternity leave is provided in accordance with the Act</li> </ul>	EM: Corporate Services	<ul style="list-style-type: none"> <li>Ensure that the company comply with the provisions of Section 25A of the EE act</li> </ul>	Action plans assigned in Q2 and to be reported in Q3	30 March 2025
3. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	76.5%	94%	<ul style="list-style-type: none"> <li>The variance relates to the requirement for Senior Managers, Supply Chain Manager, and officials to meet competency levels for financial and supply chain management.</li> <li>Because of new appointments as well as the regulation requiring that</li> </ul>	CEO & EM-Corporate Services	<ul style="list-style-type: none"> <li>All Newly appointed Managers not meeting the requirement to be enrolled in the program.</li> </ul>	<p>1. The Following Employees have been rerolled to MFMA programmes with WITS, the program was completed in November 2024:</p> <ul style="list-style-type: none"> <li>Supply Chain Officials</li> <li>Senior Manager ITC</li> </ul>	

Act Name	Q1 % Compliance	Q2 % Compliance	Comments on non-compliance	Act Owner	Action Plans	Progress to address non-compliance	Period
			the appointed persons within this category ensure that they obtain the competency levels within 18 Months, the Act will consistently have fluctuating Variances.			<ul style="list-style-type: none"> <li>Portfolio Managers</li> <li>Company Secretary</li> <li>General Manager: Housing Management</li> <li>Financial Manager</li> </ul>	
4. Local Government Municipal Finance Management Act, No. 56 of 2003	93.5%	100%	<ul style="list-style-type: none"> <li>The Company does not comply with Section 65(2)(e) of the MFMA which specifies that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.</li> </ul>	CEO	<ul style="list-style-type: none"> <li>The accounting officer for the purposes of Subsection (1) of MFMA take all reasonable steps to ensure that Section 65(2) is complied with.</li> </ul>	Action plans assigned in Q2 and to reported in Q3	On-going
5. Social Housing Act, No.16 of 2008	93.5%	85%	<ul style="list-style-type: none"> <li>The institution did not submit to the Regulatory Authority for approval a Corporate Governance Policy which includes the required information.</li> </ul>	COO	<ul style="list-style-type: none"> <li>The institution to submit to SHRA for approval of corporate governance policy (Property Management Policies)</li> </ul>	Action plans assigned in Q2 and to reported in Q3	30 June 2025



# CHAPTER 3

## SERVICE DELIVERY PERFORMANCE

## SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

- In relation to Housing Development, during the quarter under review the entity launched 184 units in Riverside View which are ready for tenancing. Furthermore, 80 units at 106 Claim Street Social Housing Project have been completed.
- Pertaining to Housing Management, the Occupancy rate for both regulated and non-regulated rental stock has been maintained at 98% and above for the Q2.
- In support of EPWP and SMMEs, during the quarter under review, a total of 330 EPWP work opportunities were created against a target of 250 and year-to-date performance is at 648 jobs created. A total of 15 SMMEs were supported against the quarterly target of 15.
- Under Governance- the entity resolved a total of 55% of internal audit findings against a quarterly target of 50% and 95% of risk action plans were implemented during the quarter.
- In the second quarter, the company met all seven of its Service Level Standard KPIs.

## SECTION 2: SERVICE DELIVERY CHALLENGES

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

- 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 2024

Table 11: 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"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• Attainment of all SLs</li> <li>• Well maintained and clean JOSHCO properties</li> <li>• Continuous engagement with SHRA's to ensure we are compliant to the regulator.</li> </ul>
1. Job opportunity & creation	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• Upliftment of communities through SMMEs on construction projects</li> <li>• Skills development and job creation through EPWP programme</li> </ul>

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q2
2. Sustainable service delivery	<ul style="list-style-type: none"> <li>• Develop &amp; manage social housing and student accommodation</li> <li>• Develop &amp; manage affordable rental housing</li> <li>• Implement housing development projects for the CoJ</li> <li>• Provide assigned municipal services</li> </ul>	<ul style="list-style-type: none"> <li>• On track to deliver social housing and affordable housing units across the City</li> <li>• Development of student accommodation precinct</li> <li>• Preserved and well-maintained buildings that meet acceptable living conditions</li> </ul>
3. Financial sustainability	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• A solvent company by end of 2024/25 FY</li> <li>• Improved revenue collection</li> <li>• Diversification of revenue stream (outdoor advertising, management fee, other mechanisms)</li> <li>• An unqualified Audit Opinion</li> </ul>
4. A Smart City	<ul style="list-style-type: none"> <li>• To be a smart and capable entity</li> </ul>	<ul style="list-style-type: none"> <li>• Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (Including alternative energy solutions and rainwater harvesting)</li> <li>• Improved application and leasing processes, supported by automation of processes launched</li> <li>• Seamless business continuity supported, through effective backup and disaster recovery systems</li> </ul>

#### SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

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

- (a) Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan.” As such JOSHCO and the City sign a five-year SDA that is reviewed annually, and the agreement outlines

the entity's scorecard and seven service level standards that JOSHCO should adhere to when delivering its services to the Johannesburg communities.

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

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

**Table 12: Service Level Standard (SLS) Performance as at 31 December 2024.**

Core Service	Service Level Standard Target	October 2024	November 2024	December 2024	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	99%	99%	99%	None	None
2. Attending to request for maintainance	96% of maintenance requests attended within 14 days of the logged call	99%	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	1 day	1 day	None	None
5. Application for rental housing	Outcome of the application communicated within 10 working days	3 days	2 days	2 days	None	None
6. Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 Hours	24 Hours	24 Hours	None	None
7. Resolution of complaints	Resolution of the complaints/ queries within 5 workings days	1 day	1 day	1 day	None	None

## SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2024–2025 business plan includes 18 key performance metrics and targets. 11 of the 15 targets that were due for reporting during the quarter were met. This outcome amounts to a performance for the quarter of **73.33%**.

Performance Targets	Targets
Total Annual Targets	18
Applicable targets in Q2	15
Targets achieved	11
Targets not achieved	4
Not due for reporting	3

### Legend:

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

**Table 13: Performance Against Predetermined Objectives as at 31 December 2024**

Key Performance Area	KPI Number	Key Performance Indicator	Annual Target 2024/25	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
Financial Stability	1	Current Ratio	Current ratio 1:1	1:1	0:45	-0:55	The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utilities, finance costs and repairs and maintenance costs.
	2	Solvency Ratio	Solvency Ratio 1:1	1:1	0:47	-0:53	
	3	% Collection in respect of current debtors	80% collection in respect of current debtors	80%	63%	-17%	The collection reflected here includes City stock. Challenges such as rent boycott campaigns and economic hardships among tenants have impacted our overall collection rate.
	4	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	25	-75%	The underachievement is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.
	5	Number of SMME's supported	30 SMME's	15	15	0	Target Achieved
	6	Percentage expenditure of approved capital budget	100% expenditure of approved capital budget	50%	50%	0	Target Achieved
Good Governance	7	Percentage resolution of internal audit findings	100% resolution of Internal Audit findings (cumulative)	50%	55%	+5%	Target Achieved
	8	% Resolution of AGSA findings	100% resolution of AGSA findings	-	Not due	N/A	Target not due for the quarter
	9	Level of audit opinion	Unqualified audit opinion	-	Not Due	N/A	Target not due for the quarter
	10	Percentage compliance to Laws and regulation	98% compliance to laws and regulation	98%	99%	+1	Target Achieved
	11	Percentage Implementation of corrective action	95% Implementation of corrective action against the identified risks	95%	95%	0	Target Achieved

Key Performance Area	KPI Number	Key Performance Indicator	Annual Target 2024/25	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
		against identified risks					
Personnel Vacancy Rate	12	% Employee vacancy rate	10% employee vacancy rate	10%	8.64%	+1.36%	Target Achieved
Smart City	13	Number of digitisation initiatives completed	8 Digitisation initiatives completed	2	3	+1	Target Achieved
Job Opportunity and Creation	14	Number of jobs created for the unemployed through EPWP programmes	1000 Jobs	250	330	+80	Target Achieved
Sustainable Service Delivery	15	No. of social housing units completed	556 housing units completed	-	Not Due	N/A	Works on course: <ul style="list-style-type: none"> <li>Riverside – 184 units are completed ready for tenancing.</li> <li>06 Claim Street Social Housing Project -80 units completed ready for tenancing</li> </ul>
	16	% Occupancy rate across all JOSHCO rental units	98% occupancy rate	98%	98%	0	Target Achieved
	17	% Achievement of service standards	100% Achievement of service standards	100%	100%	0	Target Achieved
	18	Number of community-based initiatives implemented through Community Development	4	1	1	0	Target Achieved

## 5.1 PROJECT PERFORMANCE

Our capital projects are divided into 2 programs: **Inner-city** and **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, Principal Agents or Review Consultants working with Quantity Surveyors and recommendations are made to JOSHCO.

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

### 5.1.1. PERFORMANCE SUMMARY

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

### 5.1.2. PROJECTS UNDER IMPLEMENTATION: INNER CITY

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

**Start date:** 01 July 2023 & **Anticipated date:** 31 March 2025

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

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

**Budget allocated this FY:** R0

<b>Monitoring Tool</b>	<b>October</b>	<b>November</b>	<b>December</b>
<b>Capex Expenditure</b>	0	0	0



<b>SMME Expenditure</b>	0	0	0
<b>Project Progress</b>	99%	99%	99%

**Comments on Project Performance:** All construction activities have been completed inclusive of snagged and de-snagged. All COCs have been submitted except for the electrical COCs. City Power to connect electricity to the outstanding 36 units. There are outstanding Town Planning matters for consolidation and parking relaxation for the SDPs to be submitted. Building plans approvals needed to obtain Occupation Certificate.

**106 CLAIM STREET SOCIAL HOUSING PROJECT**

**Start date:** 20 July 2023 & **End date:** Completed

**Area or location:** 106 Claim Street, Hillbrow

**No units expected 2024/2025:** 80 units.

**Budget allocated this FY:** Nil

<b>Monitoring Tool</b>	<b>October</b>	<b>November</b>	<b>December</b>
<b>Capex Expenditure</b>	Nil	Nil	Nil
<b>SMME Expenditure</b>	Nil	Nil	Nil
<b>Project Progress</b>	99%	99%	100%

**Comments on Project Performance:** Construction works were successfully completed in the previous financial year. The Occupation Certificate has been received from the Chief Building Inspector and the property is ready for tenanting. The project has been identified for the relocation of residents currently residing in the City of Johannesburg's bad buildings. As part of the City's bad building initiative, the tenants have undergone JOSHCO tenant screening and are awaiting to be moved into the units.

**NEDERBURG STUDENT ACCOMMODATION**

**Start date:** 25 July 2023 & **Anticipated Completion date :**31 March 2025

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

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

**Budget allocated this FY:** R0

<b>Monitoring Tool</b>	<b>July</b>	<b>August</b>	<b>September</b>
<b>Capex Expenditure</b>	R 968 565, 98	N/A	R 1 125 184, 59

<b>SMME Expenditure</b>	N/A	N/A	N/A
<b>Project Progress</b>	90%	90%	90%

**Comments on Project Performance:** Building works have been completed with the contractor currently working on snags. Procurement and installation of student accommodation furniture in progress.

The project needs a fire curtain and lift pressurization systems to be compliant with fire regulations. A Variation Order was recently presented and approved by JOSHCO's Bid Adjudication Committee to address fire compliance issues. The fire drawings and SDPs have been submitted for approval.

### 5.1.3. PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

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

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

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

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

Budget allocated this FY: R55 000 000,00

<b>Monitoring Tool</b>	<b>October</b>	<b>November</b>	<b>December</b>
<b>Capex Expenditure</b>	R 1 741 402, 05	R0	R8 228 472, 32
<b>SMME Expenditure</b>			
<b>Project Progress</b>	90%	90%	90%

**Comments on Project Performance:** Works onsite are behind the projected progress due to payment issues. Payment issues also result in SMMEs and local labour disruptions onsite. Due to the late payments and inability for the contractor to inject finances to the project, the contractor has requested for a mutual termination.

JOSHCO and the professional team are currently finalising the tender document for a contractor to finalise the reminder of the works and ensure that the project gets to practical completion and receives the occupation certificate. They are also valuating the final account for the current contractor to ensure that all termination procedures have been adhered to in accordance with the signed JBCC.

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

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

**Area or location:** Devland

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

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

<b>Monitoring Tool</b>	<b>October</b>	<b>November</b>	<b>December</b>
<b>Capex Expenditure</b>	R 9 443 659,60	R13 017 620, 83	R0
<b>SMME Expenditure</b>	R 162 308,63	R 296 328,60	R0
<b>Project Progress</b>	17%	19.4%	19.4%

**Comments on Project Performance:** Due to planning delays and community disruptions, construction works were suspended and work only commenced on the 29<sup>th</sup> of July 2024 once the work permit and the community matters were resolved. Works onsite are progressing well with internal and external works underway.

The contractor has ordered a water pump specialist to install water pressure pumps with an anticipated completion date of construction and installation being the 28<sup>th</sup> of February 2025.

**RIVERSIDE VIEW SOCIAL HOUSING (Phase 2)**

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

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

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

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

<b>Monitoring Tool</b>	<b>October</b>	<b>November</b>	<b>December</b>
<b>Capex Expenditure</b>	R6 591 112,43	R0	R0
<b>SMME Expenditure</b>		R0	R0
<b>Project Progress</b>	98%	99%	100%

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

#### **Phase Four**

Phase 4 will yield a total of 744 units and the project is ready to commence for implementation. Currently finalizing NHBRC enrolment and awaiting budget availability confirmation letter to commence works from SHRA.

#### **5.1.4. PROJECTS UNDER PLANNING STAGE**

##### **RANDBURG SELKIRK**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget	R40 000 000

The professional team has submitted the Section 7(6) application for approval at CoJ: Development Planning. The tender documentation, specifications and drawings for the appointment of contractor for Phase 1 sewer pipeline upgrade are ready for tender advertisement. The tender is anticipated to be advertised by the third week of January 2025. The previous contractor, TSSN has referred their termination to arbitration and JOSHCO is awaiting the legal process to conclude.

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

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R1 000 000

The property transfer has been registered and awaiting for the new title deed to be delivered to JOSHCO. JOSHCO is currently finalising the appointment of the professional team for the development designs which will be in line with the existing land use rights.

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

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R1 000 000

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

The Environmental Department (EISD) requested that an application be submitted to the National Nuclear Regulator for comments before they can provide us with their own comments. The application for National Nuclear Regulator has been approved. The professional team is awaiting for the DMRE comments prior to the consolidated comments being submitted to EISD.

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

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R6 000 000

The rezoning application had been submitted online to CoJ Development Planning. The comments from service departments have been received. No objections have been received. The professional Team presented the Stage 3 designs to JOSHCO on 5 March 2024; however comments were issued, and the professional team is currently finalising the Stage 3 designs.

The application is currently under circulation and Professional Team have received comments from service infrastructure departments. Johannesburg Roads Agency has requested the submission of a Traffic Impact Assessment (TIA) & Site Traffic Assessment (STA). The TIA and STA were submitted to JRA.

Johannesburg Water has indicated that there is insufficient capacity for the site until 2027. JOSHCO is actively exploring potential solutions to address capacity constraints issues, including engaging in discussion with Johannesburg Water. Meeting request has been sent to Joburg Water to find a solution.

### **KELVIN SOCIAL HOUSING PROJECT**

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R7 000 000

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

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

<b>Ref</b>	<b>Description</b>	<b>Amount</b>
1	Capital budget allocation for 2024/2025	R8 060 806

A rezoning application is going to be presented to the Municipal Planning Tribunal for a decision due to objections received. City Power has indicated that they currently do not have capacity until 2029. However, they may reconsider

their position if JOSHCO provide an electrical report demonstrating that alternative energy will be used on the development through solar energy and gas stoves.

The electrical engineer has prepared the comprehensive report as per City Power’s recommendations to show the alternative energy measures which are going to be implemented on the development. The report was submitted to City Power for consideration.

**MARLBORO SOCIAL HOUSING PROJECT**

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

JOSHCO has approved Stage 2 - concept and viability - and the Professional Team is currently finalising stage 3 - design development. Both rezoning and subdivision applications have been submitted to CoJ Development Planning and are currently awaiting allocation to the Town Planner for assessment.

**MARLVEN SKILLS DEVELOPMENT CENTRE**

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

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

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

**PARK CHAMBERS PRECINCT**

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

JOSHCO and Department of Human Settlement entered into a partnership for the development precinct which will be a mixture of housing typologies. The Professional Team has submitted the revised Stage 2 - concept and viability - for approval as per the revised scope. The Professional Team is currently working on Stage 3 – design development.

### **LUFHERENG PHASE**

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

The professional team is currently awaiting Site Development Plan and Building Plans approval.

### **BOOYSENS SOCIAL HOUSING DEVELOPMENT**

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

The Building Plans have been approved. The contractor was appointed, and the site handover has been scheduled for the 23<sup>rd</sup> of January 2025.

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

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

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

#### **5.1.5. SHRA CCG FUND APPLICATIONS**

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

50 Durban Street

Abel Street – Phase 2

Denver Extension 20

Lufhereng Phase 1 – remaining 60 of 407 units.

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

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

**Progress:**

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

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

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

The application has been submitted, however, JOSHCO is currently finalizing the registration of erven 195 and 196 Haddon Extension 2, prior to the approval of the consolidation application. The City to conclude the township establishment, an offset calculation based on contributions is needed. JOSHCO to submit to City the contributions done through construction works that were undertaken in the project for the calculations to be concluded.

Once the above has been finalized, the registration of the two erven can be finalized and the consolidation application will be finalized and Building Control will be able to issue OC for the newly created consolidated erf.

## 5.2 HOUSING MANAGEMENT

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

**Focused Maintenance interventions:** Focused Maintenance interventions: The MFMA Circular 71 by National Treasury highlights the norm of annual expenditure on Repairs and Maintenance for Property, Plant & Equipment as 8% of carrying value, however the amount being spent on the upkeep of JOSHCO properties is not nearly close to this standard. This places the status of our buildings at risk because JOSHCO properties become susceptible to below par upkeep and maintenance due to an underfunded maintenance programme.

Many of JOSHCO's buildings remain insufficiently catered for in relation to the total budget required to bring them up to impeccable or above average condition. The condition assessments carried out in 2022 that highlighted the focal points of intervention required for major upgrades remains unfulfilled due to budget constraints. With this said, the bulk



of the maintenance issues experienced are bound to be repetitive in nature due to the root causes of the issues not being comprehensively attended to or brought to finality. Furthermore, as much as each property has a dedicated Building Maintenance Contractor (BMC) assigned to it, secondary/supplementary service providers have been used interchangeably to augment and service shortfalls being experienced by the “primary” BMC due to a number of reasons, chief among them which is cash flow due to delayed payments.

During the previous financial year there was a significant amount of focus on external painting works in our properties to ensure that they look attractive and presentable, and part of the preparation for painting works was the rectification of issues such as cracks on walls etc. before any external painting work could be carried out. Another focal point was the interior painting works in relation to OHS where there was mold inside the tenants’ units that could potentially cause a health hazard. This programme is still continuing, and the external painting programme could not be completed on time due to cash flow issues that caused non-payment to service providers for a few months. We are anticipating for there to be less expenditure on planned maintenance this financial year and the focus will be on annual routine maintenance activities.

**5.3 MAINTENANCE**

Towards the end of 2023/24: Q4 there was an issue of over expenditure raised for Repairs and Maintenance, and subsequently an interim intervention was put in place to ensure oversight up to the executive level for all orders that were being processed. This continued through to the first quarter of 2024/25 until the new budget for the year was confirmed and apportioned accordingly to the various portfolios. The normal approval process was restored towards the end of September 2024 as per the existing delegation framework – this will ensure that there are no delays with regards to service delivery and will also ensure that all Portfolio Managers are aware of how much they are responsible for in terms of expenditure for the financial year. The necessary controls have been put in place to ensure that there are early warning signs for any over expenditure.

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

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

Budget Item	2024/25 FY Budget	Comments
Revenue (Rental Income)	R146 750 000	A number of initiatives are being put in place to ensure increased rental collection.

Repairs and Maintenance	R70 539 000	This budget is insufficient to cater for the needs of the 36 properties JOSHCO has. The high reactive maintenance expenditure is caused by the aging infrastructure that requires major upgrades and refurbishments in some properties.
Security	R2 138 000	The allocated budget will not allow the full completion of the Biometric systems for the remaining properties.
Utilities	R31 267 805	The Utilities bill for 2023/24 was almost R180 million, it is almost impossible to remain within budget with the current target.

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

**PORTFOLIO A**

**Table 14: Unplanned Maintenance**

PORTFOLIO C SLS	MAINTENANCE CATEGORIES				Target: 96% within 14 Days		
Property	Plumbing	Electrical	General	Total reported. complaints	Within 14 days	Beyond 14 days	Target %Achieved
AA House	10	2	23	35	35	0	100%
African Diamond	2	0	2	4	4	0	100%
Devland	10	1	23	34	34	0	100%
Europa House	9	1	6	16	16	0	100%
Hoek Street	12	3	6	21	21	0	100%
Raschers	10	2	17	29	29	0	100%
La rosabel	0	0	0	0	0	0	0%
Textile building	3	0	11	14	14	0	100%
<b>TOTAL JOBS</b>	<b>56</b>	<b>9</b>	<b>88</b>	<b>153</b>	<b>153</b>	<b>0</b>	<b>100%</b>

For the month of December draft, there was a total of 153 jobs under reactive maintenance jobs that were logged for Portfolio A. The actual achieved response rate remained at 100% for jobs logged and completed within 14 days and is

higher than the SLS target of 96%. The total cost of reactive maintenance for the month of November R534 192,74 was spent on reactive maintenance for the properties in Portfolio A.

## PORTFOLIO B

Table 15: Unplanned Maintenance

PORTFOLIO SLS	MAINTENANCE CATEGORIES				Target: 96% within 14 Days turnaround			
Property	Plumbing	Electrical	General	Total reported complaints 17	Within 14 days	Beyond 14 days	Achieved% 1	Variance %
Bellavista Citrine Court	9	0	6	15	15	0	100%	0,04
Kliptown Square	18	1	7	25	25	0	100%	0,04
Kliptown Golf Course	17	4	11	32	32	0	100%	0,04
Phoenix House	0	0	7	7	7	0	100%	0,04
Turfontein	26	7	43	76	76	0	100%	0,04
Orlando Ekhaya Flats/Family Unit	22	4	8	34	34	0	100%	0,04
Lefhureng	31	17	25	73	73	0	100%	0,04
<b>TOTAL</b>	<b>125</b>	<b>34</b>	<b>122</b>	<b>280</b>	<b>280</b>	<b>0</b>	<b>100%</b>	<b>0,04</b>

For the month of December draft, there was a total of 280 jobs under reactive maintenance jobs that were logged for Portfolio B. The actual achieved response rate was 100% for jobs logged and completed within 14 days and is higher than the SLS target of 96%. A total of R1 439 661,76 was spent on maintenance for Portfolio B.

## PORTFOLIO C

Table 16: Unplanned Maintenance

PORTFOLIO C SLS	MAINTENANCE CATEGORIES				Draft Target		
Property	Plumbing	Electrical	General	Total reported complaints	Within 14 days	Beyond 14 days	%Achieved
Dobsonville	46	10	35	91	90	1	99%
Fleurhof Junction	27	11	21	60	59	1	99%
Pennyville Communal	11	0	7	18	18	0	100%
Pennyville Flats	11	0	7	18	18	0	100%
Tshedzani Roodepoort	63	10	23	96	94	2	98%
<b>TOTAL JOBS</b>	<b>158</b>	<b>31</b>	<b>93</b>	<b>283</b>	<b>279</b>	<b>4</b>	<b>99%</b>

For the month of December draft, there was a total of 283 jobs under reactive maintenance jobs that were logged for Portfolio C. The actual achieved response rate is 99% for jobs logged and completed within 14 days and is higher than the SLS target of 96% - only 2 jobs were outside the 14-day mark. A total R167 103,47 was spent on reactive maintenance.

## PORTFOLIO D

**Table 17: Unplanned Maintenance**

PORTFOLIO D SLS	MAINTENANCE CATEGORIES				Target: 96% within 14 Days		
Property	Plumbing	Electrical	General	Total reported	Within 14 days	Beyond 14 days	Target %Achieved
Property	Plumbing	Electrical	General	Total Complain	Jobs completed within 14	Job completed beyond 14 day	Achieved%
Antea Hostel	6	2	7	15	14	0	100%
Botlhabela	13	2	4	19	19	0	100%
Chelsea	0	0	0	0	0	0	100%
City Deep Old	1	1	2	4	4	0	100%
TtCity Deep Greenfields	0	0	1	1	1	0	100%
New Ekhaya Gardens	1	1	2	4	4	0	100%
Fleurhof Riverside	5	0	3	8	8	0	100%
Jabulani	0	0	0	0	0	0	100%
Klippspruit Hostel	0	0	0	0	0	0	100%
Legae	3	3	5	11	11	0	100%
MBV	0	0	0	0	0	0	100%
Orlando West	0	1	1	2	2	0	100%
Riverside View	1	0	1	2	2	0	100%
Selby	5	0	7	12	12	0	100%
<b>TOTAL</b>	<b>35</b>	<b>10</b>	<b>33</b>	<b>78</b>	<b>78</b>	<b>0</b>	<b>100%</b>

For the month of December draft, there was a total of 78 jobs under reactive maintenance jobs that were logged for Portfolio D. The actual achieved response rate is 100% for jobs logged and completed within 14 days and is higher than the SLS target of 96%. A total of R1 184 595.54 was spent on reactive maintenance for the properties in Portfolio D. This portfolio includes all the City owned stock that is to be moved back to Human Settlements of which did not have any planned maintenance budget.

**PORTFOLIO E**

**Table 18: Unplanned Maintenance**

PORTFOLIO C SLS	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 Days		
	Property	Plumbing	Electrical	General	Total reported. complaints	Within 14 days	Beyond 14 days
106 CLAIM	0	0	2	2	2	0	100%
08 ON ABEL	3	0	4	7	7	0	100%
UNION SQUARE	26	19	38	83	83	0	100%
BOYSEENS	2	1	0	3	3	0	100%
<b>Totals</b>	<b>31</b>	<b>20</b>	<b>44</b>	<b>95</b>	<b>95</b>	<b>0</b>	<b>100%</b>

For the month of December draft, there was a total of 95 jobs under reactive maintenance jobs that were logged for Portfolio E. The actual achieved response rate is 100% for jobs logged and completed within 14 days and is higher than the SLS target of 96%. A total of R1 584 675.49 was spent on reactive maintenance for properties in Portfolio E.

**SLS Q2 Summary**

**Table 19: Summary of Unplanned Maintenance for all Portfolios**

SUMMARY OF SLS FOR ALL PORTFOLIOS	MAINTENANCE CATEGORIES			
	Property	Plumbing	Electrical	General
PORTFOLIO A	16	4	26	46
PORTFOLIO B	33	7	28	68
PORTFOLIO C	158	31	93	283
PORTFOLIO D	35	10	33	78
PORTFOLIO E	31	20	44	95
TOTAL JOBS	273	72	224	570

During December draft there was a total of 273 Plumbing jobs, 72 Electrical jobs, and 224 General jobs orders carried out under reactive maintenance.

In total, there were 570 reactive maintenance jobs carried out in all JOSHCO properties.

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

The overall occupancy rate for all residential rental stock is at 98% for 2024/25: Q2, translating to a 2% vacancy rate.

**Table 20: Overall Occupancy**

Project Name	Units No.	Occupancy	Occupancy
AA House	254	254	100.00%
African Diamond	61	58	95.00%
Antea	409	350	86.00%
Bellavista Infill	36	35	97.00%
Bothlabela	521	520	99.00%
Citrine Court	79	76	96.00%
Chelsea	80	72	91.00%
City Deep Old	425	409	97.00%
Europa House	167	164	98.00%
Hoek Street	265	264	99.00%
Klipspruit (Beds)	54	53	98%
Kliptown Golf C	936	929	99.00%
La Rosabel	50	49	98.00%
MBV	188	185	98.00%
Legae	92	92	100.00%
Orlando Ekhaya 2	190	184	97.00%
Orlando Ekhaya 1	102	101	99.00%
Pennyville Rooms	564	562	99.00%
Phoenix House	135	134	99.00%
Rashers' Building	95	95	100.00%
Selby Rooms	19	17	89%
Selby Units	256	253	99.00%
Textile Building	162	160	98.00%

Union Square	341	340	99.00%
City Deep New	329	327	99%
Khaya Gardens	333	329	99%
Devland	255	254	99%
Dobsonville	502	500	99.00%
Fleurhof Ph. 1	452	449	99.00%
Fleurhof Ph. 2	252	251	99.00%
Kliptown Square	478	477	99.00%
Pennyville (Flats)	198	191	96.00%
Roodepoort	432	430	99.00%
Turffontein	525	524	99.00%
Lufhereng	406	402	99.00%
Riverside	180	178	98.00%
<b>TOTAL</b>	<b>9823</b>	<b>9668</b>	<b>98%</b>

## 5.5 SECURITY REPORT

One of the main focus areas of security management towards the end of the previous financial year was to complete the rollout of biometrics throughout the various estates, fix any damaged and non-functioning systems, and complete the enrolment of tenants onsite. The enrolment of tenants onto the biometrics system seeks to ensure that it enhances safety of tenants at various estates and also aims to assist with the monitoring of illegal occupants. Below is a summary table of the progress to date as at Q2: 2024/25 of this financial year:

**Table 21: Summary of progress to date for the first quarter of 2024-25 financial year**

NO	FACILITY NAME	UNITS #	PHYSICAL ADDRESS	SECURITY PERSONNEL	Current Security Systems
1.	AA House	252	20 Wanderers Street JHB	13	Biometric systems No CCTV cameras

2.	African Diamond	61	123 Kerk & Goud Street JHB	4	Biometric system No CCTV cameras
3.	Antea	409	Maraisburg Road Industria	6	The biometric system was vandalized by the unruly tenants. No CCTV
4.	Bellavista Infill	36	Selous Drive Bella Vista	4	Biometric system No cameras
5.	Bothlabela	521	3360 All Africa Street	6	Biometric system (Not in use) No CCTV cameras
6.	Chelsea	80	Cnr Catherine & Kotze Street	5	Biometric system but tenants are not enrolled. No CCTV cameras
7.	Citrine Court	79	Selous Drive Bella Vista	4	Biometric systems No CCTV cameras
8.	City Deep New	329	Heidelberg Road City Deep	12	Biometric system was removed by contractor who build new guardrooms.
9.	City Deep Old	425	Heidelberg Road City Deep	4	Biometric system damaged No CCTV cameras
10.	Devland Bokamoso	255	Cnr East & Creep Street Devland	8	CCTV Cameras Biometric system in place Licence & Disc Scanners
11.	Dobsonville	502	11065 Motseme Street Dobsonville	6	Biometric system, CCTV cameras and Electronic Visitors Management (Scanners)
12.	Diepkloof	148	Zone 6 Diepkloof Soweto	-	-
13.	Europa House	167	32 Plein Street JHB	6	Biometric system CCTV cameras in place
14.	Fleurhof Phase 1-4	452	Cnr Main Reef Road & Helpmekaar	24	No biometric system No CCTV cameras
15.	Fleurhof Riverside	252	Cnr Bellflower Rd & Hyacinth Road	8	Biometric system No CCTV cameras



16.	Hoek Street	265	27 Hoek Street JHB	8	Biometric system No CCTV cameras
17.	Jabulani	54	Bolani Road Jabulani Soweto	-	-
18.	Klipspruit Hostel (Beds)	54	1 Mofokeng Street Klipspruit	9	Biometric system No CCTV cameras
19.	Kliptown Golf Course	936	Union Road Kliptown	12	No Biometric system No CCTV cameras
20.	Kliptown Square	478	Klipvalley Road Kliptown	8	Biometric system (Not in use) No CCTV cameras
21.	La Rosabel	50	Cnr Quarts & Smit Street Hillbrow	6	Biometric system (Not in use) No CCTV cameras
22.	MBV 2	188	Hancock & Quarts Street Joubert Park	5	Biometric system in place but tenants are not enrolled because most are illegal occupants
23.	Orlando Ekhaya 2	190	Cnr Kingsley Sitole & Nicoles Drive, Orlando	10	Biometric system in place, tenants' enrolment not done yet
24.	Orlando Ekhaya 1	102	Cnr Kingsley Sitole & Nicoles Drive, Orlando	-	Biometric system in place, tenants' enrolment not done yet
25.	Orlando West	44		-	-
26.	Pennyville (Flats)	198	New Canada Road Pennyville	-	No Biometric system No CCTV cameras
27.	Pennyville Rooms	564	New Canada Road Pennyville	-	No Biometric system No CCTV cameras
28.	Phoenix House	135	3 Stepheson Street Wemmer JHB	8	Biometric system No CCTV cameras
29.	Rashers' Building	95	70 Loveday Street JHBF	8	Biometric system No CCTV cameras
30.	Roodepoort	432	Cnr Kerk & Nefdt Street Roodepoort	16	Phase 4 has a Biometric system, the other three phases has not. No CCTV cameras

31.	Selby Rooms	19	Cnr Ntembi Pilliso Street & Village Rd	4	Hijacked (Illegal occupants)
32.	Selby Units	256	Cnr Ntembi Pilliso Street & Village Rd	8	Biometric system (Not being used) No CCTV cameras
33.	Textile Building	162	125 Kerk & Goud Street JHB	4	Biometric system CCTV cameras but old system, need upgrade
34.	Turfontein	525	1 Evans Street Turfontein	8	CCTV Camera system Biometric in place Licence & Disc Scanners
35	Union Square	341	80 Plein Street JHB	8	Biometric system CCTV cameras
36	Lufhereng		2150 Motswiri street, Zurrbult 240-lq, Soweto, 1766	10	Biometric system No CCTV cameras
37	Legae		Corner Nedft & Lambert Street, Roodepoort	4	Biometric system No CCTV cameras
38	50 Durban Street		50 Durban Street, Jeppestown	6	No Biometric system CCTV cameras in place
39	CASA MIA		Gardenia, Pomora Street, Berea in Johannesburg	-	Hijacked (Illegal occupants)
40	Joshco – Head Office		16 Juta Street, Braamfontein	6	No Biometric system CCTV cameras
41	Marlven Building		2, 11 Street, Malvern	4	No Biometric system No CCTV cameras
42	Rissik Street, NBS Building		97 Claim Street, Johannesburg	6	No Biometric system No CCTV cameras
43	Park Chamber		Opposite Park Station, Johannesburg	-	Under development
44	280 Smit Street		Cnr Edith & 280 Smit Street, Hillbrow	6	Under development
45	Nederburg			4	No Biometric system

					CCTV cameras
46	Selkirk, Randburg		Opposite Library, Selkirk Street	8	Vacant Land to be Developed for low-cost housing project.
47	Riverside View, phase 1&2		14 Blue Crane Drive, Diepsloot	8	Biometric system, no cameras
48	Riverside view, phase 3		14 Blue Crane Drive, Diepsloot	6	Biometric system Camera systems
49	106 Claim		106 Claim Street, Hilbrow	9	Still under development
50	The Ridge		8 Abel Street, Hilbrow	10	No Biometric system and no CCTV Cameras
51	Dakalo (Student Accommodation)		16 Wolmaraans Street, Braamfontein	5	Facial Recognition CCTV Cameras
52	Ekhaya Gardens		280 Vlakvoeltjie Street, Princes Plot, Roodepoort	6	Biometric system CCTV Cameras
	Totals				

## 5.6 COMMUNITY DEVELOPMENT

The key areas of focus for JOSHCO Community Development are:

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

## 5.7 EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

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

### 5.7.1 Job creation

The JOSHCO Community Development unit currently manages EPWP contracts of workers that provide the following services: administration, cleaning, gardening, painting, pest control, security, and waste management. **The total number of jobs created through the EPWP programme for Q2 is 330.**

**Table 22:**

<b>Programme</b>	<b>Number of Jobs Created</b>
<b>Adim</b>	<b>128</b>
<b>Security</b>	<b>86</b>
<b>General</b>	<b>116</b>
<b>Total</b>	<b>330</b>

# CHAPTER 4

## HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

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

This section provides the total employee remuneration costs.

**Table 23: Personnel Cost by Occupational Level as at 31 December 2024**

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	712 855,77	1%	237 618,59
Executive Managers	1	604 986,86	1%	604 986,86
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	36	11 255 164,42	17%	312 643,46
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin)	113	22 714 869,99	34%	201 016,55
Semi-Skilled (Driver, Receptionist, Call Center Agents)	5	360 510,86	1%	72 102,17
Internship	4	89 153,08	0%	22 288,27
Unskilled (Office Attendants, Security Officers, and Cleaners)	343	23 326 756,04	35%	68 008,04
EPWP	534	7 531 356,28	11%	14 103,66
<b>Total</b>	<b>1 039</b>	<b>66 595 653,30</b>	<b>100%</b>	<b>64 095,91</b>

## SECTION 2: KEY VACANCIES

This section provides reporting on vacancies which were actioned, either by filling on an acting capacity or recruited for. The summary thereof is displayed in tables 26 and 27 below:

Eight (08) acting appointments were instituted.

**Table 24: Acting Appointments**

Designation	Acting Role	From	Reasons	Comments
Executive Manager: Planning and Strategy	Chief Executive Officer	27 November 2024 to 31 March 2025	Acting because the incumbent is seconded to another department in the City.	Board to guide way forward
Assistant Director: Human Capital	Executive Manager: Corporate Services	18 December 2024 to 31 March 2025	Acting because the position is vacant <i>(the recruitment process is placed on hold due to a dispute)</i>	Pending recruitment dispute to guide way forward

Program Manager: Planning	Chief Operations Officer	18 December 2024 to 31 March 2025	Acting because the position is vacant <i>(recruitment process underway)</i>	Pending recruitment process to guide way forward
Manager: Finance	Chief Financial Officer	18 December 2024 to 31 March 2025	Acting because the position is vacant <i>(recruitment process underway)</i>	Pending recruitment process to guide way forward
Senior ICT Manager	Executive Manager: Planning and Strategy	18 December 2024 to 31 March 2025	Acting because the incumbent is acting in a senior position	For period aligned with the Acting CEO
Officer: Health and Safety	Manager: Office Administration	01 August 2024 to 31 January 2025	Acting because the position is vacant	Rotation will apply
Project Manager	Program Manager: Implementation	01 November 2024 to 31 December 2024	Acting because the position is vacant	Rotation will apply
Portfolio Manager	General Manager: Housing Management	01 November 2024 to 31 December 2024	Acting because the position is vacant	Rotation will apply

#### Recruitment in Progress as at 31 December 2024

- There were four (4) recruitment processes which were initiated in the quarter under review (Chief Operations Officer, Chief Financial Officer, Manager: Risk and Compliance, and Manager: Legal Services).
- The recruitment processes of the Manager: Risk and Compliance, and Manager: Legal Services positions have been finalised.
- The recruitment processes of the Chief Operations Officer and Chief Financial Officer are at the shortlisting stage.

**Table 25: Finalised Appointments**

Position	Vacancies	New Position/ Replacement	Status
Manager: Risk and Compliance	1	Replacement	Candidate commenced on the 01 October 2024
Manager: Legal Services	1	Replacement	Candidate commenced on 01 November 2024
<b>Total</b>	<b>2</b>		

Table 28 below consists of critical positions that are aimed to be filled to ensure the smooth running of the organisation's operations:

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

No.	Critical Position	Department	Action taken
-----	-------------------	------------	--------------

1.	Chief Operations Officer	Office of the CEO	Shortlisting Stage
2.	Chief Financial Officer	Office of the CEO	Shortlisting Stage
3.	General Manager: Housing Development	Office of the COO	Request to fill position sent to the COJ Strategic Appointment Panel, awaiting approval letter
4.	Program Manager: Implementation	Office of the COO	Request to fill position sent to the COJ Strategic Appointment Panel, awaiting approval letter
5.	Senior Internal Auditor	Office of the CEO	Request to fill position sent to the COJ Strategic Appointment Panel, awaiting approval letter
6.	Specialist: Monitoring and Evaluation	Business Planning and Strategy	Request to fill position sent to the COJ Strategic Appointment Panel, awaiting approval letter
7.	Communications and Accounts Administration	Corporate Services	Request to fill position sent to the COJ Strategic Appointment Panel, awaiting approval letter

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

**1.1 TERMINATIONS**

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

**Table 27: Terminations**

Department and Designation	Reason	End Date	Way Forward
Corporate Services -Driver/Messenger	Dismissal	22 October 2024	Sought secondment from City Core
Office of the COO- General Manager: Housing Management	Resignation	31 October 2024	To be advertised
Business Planning and Strategy – Specialist: Monitoring and Evaluation	Resignation	30 November 2024	To be advertised
<b>Total: 3</b>			

**SECTION 3: EMPLOYMENT EQUITY**

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



- The appointment of 2 African males at Middle Management occupational level increased the overrepresentation of males from 67% to 71% in that category.
- Besides the above appointments and the resultant moratorium, the workplace EE profile remains predominantly the same.

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

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

### 3.1 AGE PROFILE

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

## SECTION 4: SKILLS DEVELOPMENT AND TRAINING

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

#### 4.1. BURSARY UPDATE FOR QUARTER 2 (2024/25)- Long-term training.

Applications for 2025 bursary intake were opened on 1<sup>st</sup> October 2024 and closed on 30<sup>th</sup> November 2024. A total of 54 applications were received, encompassing both new applicants and continuations. The Bursary Committee resolved on 18<sup>th</sup> December 2024, that the priority model to be used for bursary approvals will be on the basis of the below reasons:

- 1) Previously funded employees who are in continuation of their studies.
- 2) Employees with no formal undergraduate qualifications
- 3) Postgraduate applicants

#### 4.2 TRAINING INTERVENTIONS FOR QUARTER 2 (2024/25)- Short-term learning/mid-term training.

- A 5-day Microsoft end user training was held. A total of 58 delegates attended the training. The training was aimed at capacitating employees with computer literacy skills.
- The entity resolved to invest in high value training interventions with maximum returns. These interventions will resume in January 2025 aligned to the school calendars. This will ensure that the bulk of employees on annual festive season leave are not excluded from upcoming training programmes.

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

- Not for reporting period

### SECTION 5: PERFORMANCE MANAGEMENT

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

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

**Table 29: Contracting update**

Department	No of Eligible staff in Q2	Q1 Submitted Scorecards	Q2 Submitted Scorecards	% Q1-Q2 Movement	% Not Yet Submitted
Office of the CEO (CEO, IA, Legal & Cosec)	10	0	5	100%	50%

Office of the COO (COO, Housing Management, Housing Development, Community Development, ICT, Stakeholder Relations)	442	14	185	92%	58%
Office of the CFO (CFO, SCM & Finance Core)	14	0	5	100%	64%
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	7	6	5	-20%	29%
Corporate Services (EM, HR, Marketing, Health & Safety and Customer Services)	20	15	17	12%	15%
<b>Total</b>	<b>493</b>	<b>35</b>	<b>217</b>	<b>84%</b>	<b>56%</b>

**SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES**

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

**6.1. Precautionary Suspensions AS AT 31 December 2024:**

Currently, there are two (2) precautionary suspensions under investigation.

**6.2. Disciplinary Matters as at 31 December 2024.**

Currently, there are six (6) remaining disciplinary matters outstanding.

**New cases**

- One (1) disciplinary hearing finalised.

**Ongoing cases**

- One (1) employee representative proposed a plea agreement but there is no communication from the Employee party regarding the finalisation of the agreement. However, the employer is still soliciting dates to proceed with the disciplinary hearing.

**Under review cases**

- Four (4) cases closed due to delays in instituting disciplinary hearings

**6.3. GRIEVANCE MATTERS AS AT 30 SEPTEMBER 2024:**

Five (5) grievances were received as follows:

- One (1) Scheduled for 20<sup>th</sup> of December 2024.
- One (1) awaiting resolution from the Head of Department.
- Three (3) finalised.

**6.4. MATTERS AT BARGAINING COUNCIL/ CCMA:**

- CCMA referral

One (1) was scheduled for the 12<sup>th</sup> of December 2024, application withdrawn.

- SALGBC referrals

One (1) was scheduled for the 28<sup>th</sup> of November 2024, waiting for a new date from the Commissioner.

**SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT**

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

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

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

**Table 30: Leave Taken Analysis**

Type of Leave	October	November	December	Total Leave Days Taken	Increase/Decrease	Reason
Annual	352	233	107	692	Decrease	Includes compulsory leave
Sick	46	38	21	105	Decrease	Change of Season

Family Responsibility/Paternity Leave	2	11	13	26	Increase	Unpredictable/unforeseen
Maternity Leave	16	21	19	56	Increase	Unpredictable/unforeseen
Unpaid Sick	0	17	0	17	Increase	Results from exhausted Sick & Annual leave
Long Service	3	6	1	10	Decrease	Periodic/Compulsory to qualifying staff
Study/Exam leave	21	64.06	2	87.06	Increase	Exam season
Total	440	661.06	163	993.06	-	-

## 7.1. LEAVE ENCASHMENT

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

- In the period of October 2024 to December 2024, a total of 11 JOSHCO employees encashed 135 annual leave days, averaging 10 leave days encashed per employee, resulting in a total amount of **R 254 433.20**.
- Additionally, 47 Securities and Cleaners encashed 728 annual leave days during the same period, averaging 15 leave days encashed per employee, which amounted to **R 391 605.76**

## SECTION 8: EMPLOYEE BENEFITS

### 8.1 RETIREMENT FUND

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

## **8.2. MEDICAL AID SCHEME**

All permanent employees are eligible for a medical aid subsidy. Insourced employees (Security Officers and Cleaners) have the option to either opt-in or out of the benefit. The Employer Contribution is 60% up to a maximum of R 5227.38, and the Employee Contribution is 40% depending on the number of dependents.

## **8.3. HOUSING SUBSIDY**

All permanent employees are eligible for a monthly housing subsidy of R1 114.40. Eligibility is on the basis that the employee has a registered bond linked to their name. A total of 26 JOSHCO employees are beneficiaries of the housing allowance as of the end of December 2024. Additionally, a total of 2 Securities and Cleaners are beneficiaries of the housing allowance.

## **8.4. WELLNESS PROGRAMME**

JOSHCO's Wellness Programme is designed to foster a workforce that is both mentally and physically healthy, thereby enhancing employee performance and morale. The organisation provides all employees and their immediate family members with access to the Lyra Wellbeing program, formerly known as ICAS services. This initiative is supported by various wellness-oriented activities.

On 4<sup>th</sup> of December 2024, the entity and the Department of Human Settlement launched a Wellness and Recreation Day that took a comprehensive approach to employee well-being, emphasizing various aspects of physical health. Employees were engaged in various sports activities, for example, soccer, aerobics, netball, etc. The event was well attended by all JOSHCO employees.

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

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

Employees who are physically active report fewer illnesses and recover more quickly from them. In other words, these wellness activities encourage employees to make healthier choices that should improve their physical, mental, and emotional health. They also make employees enjoy their work, improve concentration and mental alertness, and improve cooperation and rapport with colleagues.

It provides staff members with adequate skills, motivation, tools, and support to change unhealthy behaviors and adopt healthy habits.

## SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

The purpose of this report is to ensure that JOSHCO complies with all the applicable legislation and, where appropriate, institute additional measures to ensure Health and Safety at Head Office and Projects, and to update the Human Resource, Social and Ethics Committee, and Board of Directors on the progress made on Health and Safety in quarter 2 of the 2024/2025 financial year.

### 9.1 JOSHCO INCIDENTS STATISTICS

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

**Table 31: JOSHCO's Incidents**

Total Fire incidents	Total IOD's (Injuries on duty)	Total First aid incidents	Total Medical treatment incident	Total facility incidents
1	2	0	0	2
In Quarter 2, one (1) fire incident was recorded, two (2) IOD's, zero (0) first aid incident, zero (0) medical treatment incidents, and two (2) facility incidents have been reported thus far.				


- On 21 October 2024 at approximately 08h00, Lufhereng project roof tiles fell from block Q next to unit 202 due to a severe windstorm, floodlight and wall mounted light was damaged. Behind block P a JOSHCO billboard was also blown and damaged by the severe windstorm. Consequently, the board fell on top of an electric fence and damaged the fence (**Facility Incident – The damages were repaired by Housing Management and other parts of the tiles were reinforced; no injuries were recorded**).
- On 22 October 2024 at approximately 10h30 Ms. K.A. Shivambu was performing her cleaning duty when she slipped on the stairs and twisted her knee and hip (**IOD – The employee has fully recovered on the 28 Nov 2024, now back on duty**).
- On 01 November 2024 at approximately 09h30 while Mr. R. Vilthaldas was carrying a table, it accidentally fell on his right foot (**IOD – The employee has fully recovered on 09 Dec 2024, now back on duty**).
- On 06 November 2024 at approximately 00h00 JOSHCO Security Officer N. Zakwe overheard a resident at Selby Village unit D212 screaming for help. Upon arrival with the neighbours, there was smoke coming out of the unit and a forcible entry was exercised to access the unit. Fire extinguishers and hose reel was utilized to extinguish the fire that was reported to have been caused by Impepho. (**Fire incident - Tenant failed to sign a recovery**

letter to allow Housing Management to fix the unit on her behalf and sighted that she will fix the unit by herself, extinguishers were refilled thereafter and nobody sustained injuries).

- On 07 November 2024 at approximately 21h29 windstorm blew away and damaged block K, L, and R roof tile, and block W roof tile was also moved from its natural position. **(Facility Incident - The damages were repaired by Housing Management, and it was recommended that all the roof tiles be investigated and reinforced – process is concluded).**

## 9.2: FACILITY FIRE AND EMERGENCY RESPONSE

Table 32: Emergency evacuation drill and fire extinguisher service.

Fire extinguisher service and Evacuation drill
<p>In Quarter 2, the Head Office fire extinguisher service was performed, and service certificate is issued and available in file. Evacuation drill was conducted to ensure that every employee and emergency responders are aware of what to do in the event of an emergency. The next drill will be conducted in May 2025.</p> <p>The drill was actioned as follows:</p> <ol style="list-style-type: none"><li>Time – All employees evacuated the building – 05 Min (Good)</li><li>Effectiveness of process – (Good)</li><li>Swiftness of evacuation – (Good)</li><li>Availability of emergency exits – (Good)</li><li>Availability of assembly point – (Good)</li></ol>

<p><b>Picture 1: Evacuation Drill.</b></p>

## 9.3. FACILITY MANAGEMENT



Measures were undertaken to acquire the services of 15 EPWP members for skills development in the field of Facility Management (Health and Safety). These additional EPWP members role is to aid with filing of records to prevent a risk of fire that may lead to loss of information and assets in the head office.

Below are their daily roles and responsibilities among others:

- Identify potential safety hazards.
- Maintain housekeeping.
- Filing of the record of the office.
- Scanning of document to a prescribed computer drive

In Q2 COJ Fleet Services was invited to present various plans available. Fleet Management Need Analysis was conducted aiming to mitigate the following risk exposures:

- Theft of vehicles due to lack of insurance cover.
- Unsafe vehicle due to old fleet stock.
- High cost of maintenance.
- Failure to meet the demands.

Fleet need analysis will be presented to JOSHCO Management by 25 January 2025.

#### 9.4. HEALTH AND SAFETY INSPECTIONS

**Table 33: Health and Safety Inspections Q2 Findings**

Site	Major findings	Status update by Housing Management
<b>Raschers</b>	Fire hose reel did not have water.	Awaiting updates from the Risk owner 31 Dec 2024.
<b>Europa</b>	Fire hose reel did not have water.	Awaiting updates from the Risk owner 31 Dec 2024.
<b>Textile</b>	Fire hose reel did not have water.	Awaiting updates from the Risk owner 31 Dec 2024.
<b>MBV</b>	Fire hose reel did not have water.	Awaiting updates from the Risk owner 31 Dec 2024.
<b>African Diamond</b>	Fire hose reel did not have water.	Awaiting updates from the Risk owner 31 Dec 2024.
<b>Phoenix</b>	Fire hose reel did not have water.	Awaiting updates from the Risk owner 31 Dec 2024.
<b>Selby</b>	No major findings recorded	Awaiting updates from the Risk owner 31 Dec 2024.

**Table: 34: Health and Safety Inspection Findings- (Carried Over from Q1)**

This section provides a progress update on inspection findings reported in Q1 2024/25

<b>Site</b>	<b>Major findings</b>	<b>Status update by Housing Management</b>
<b>8 Abel Street</b>	Fire hose reel did not have water.	Corrected
<b>La Rosabel</b>	Firefighting equipment due for service by 30/09/24	Corrected
<b>Devland</b>	Firefighting equipment due for service by 31/09/24	Corrected
<b>AA</b>	Firefighting equipment due for service by 30/10/24	Corrected
<b>Raschers</b>	Firefighting equipment due for service by 30/10/24	Corrected
<b>Textile building</b>	Firefighting equipment due for service by 30/10/24	Corrected
<b>Phoenix</b>	Firefighting equipment due for service by 30/10/24	Corrected
<b>Riverside View</b>	Firefighting equipment due for service by 30/10/24	Corrected
<b>Dikgale Heights</b>	Firefighting equipment due for service by 30/10/24	Corrected

# 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 2024 is reflected below and in Table 37

The paragraphs below provide explanations for the movements of assets and liabilities in the quarter

Description	31 December 2024	30 June 2024	Variance	Variance
	R'000	R'000	R'000	%
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	860	518	342	66%
Loans to shareholders	5 958	5 958	-	0%
Current tax receivable	50	50	-	0%
Receivables from exchange transactions	1 364 661	1 247 353	117 308	9%
Receivables from non-exchange transactions	5 892	5 871	21	
VAT receivable	7 310	5 440	1 870	34%
Cash and cash equivalents	-	20 994	(20 994)	-100%
	<b>1 384 731</b>	<b>1 286 184</b>	<b>98 547</b>	<b>8%</b>
<b>Non-current assets</b>				
Property, plant and equipment	37 351	39 342	(1 991)	-5%
Intangible assets	6 869	6 869	-	0%
Investment in joint venture	20 650	20 650	-	0%
<b>Total Non-current assets</b>	<b>64 870</b>	<b>66 861</b>	<b>(1 991)</b>	<b>-3%</b>
			-	
<b>Total Assets</b>	<b>1 449 601</b>	<b>1 353 045</b>	<b>96 556</b>	<b>7%</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Loans from shareholder	(1 578 510)	(1 309 093)	(269 417)	21%
Borrowings - DBSA	(2 142)	(2 142)	-	0%
Current tax payable				
Finance lease obligation	(407)	(407)	-	0%
Payables from exchange transactions	(1 393 804)	(1 400 974)	7 170	-1%
Bank overdraft	(49 625)			
	<b>(3 024 488)</b>	<b>(2 712 616)</b>	<b>(311 872)</b>	<b>11%</b>
<b>Non-Current Liabilities</b>				
Borrowings - DBSA	(6 969)	(6 617)	(352)	5%
Finance lease obligation-Non Current				
Deferred Income from non-exchange transactions	(178)	(178)	-	0%
	<b>(7 147)</b>	<b>(6 795)</b>	<b>(352)</b>	<b>5%</b>
<b>Total Liabilities</b>	<b>(3 031 635)</b>	<b>(2 719 411)</b>	<b>(312 224)</b>	<b>11%</b>
<b>Net Assets</b>	<b>(1 582 034)</b>	<b>(1 366 366)</b>	<b>(215 668)</b>	<b>16%</b>
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(1 582 034)	(1 366 366)	(215 668)	16%
<b>Total Net Assets</b>	<b>(1 582 034)</b>	<b>(1 366 366)</b>	<b>(215 668)</b>	<b>16%</b>

## 1.1. ASSETS

### 1.1.1 Current Assets

Current assets increased by R98,5 million. Receivables from exchange transactions increased largely due to the some CoJ Departments not settling long outstanding debts while work on projects on their behalf are still ongoing. Engagements have been held monthly with CoJ Departments to settle long outstanding debts, which has yielded results with some departments making payments or committing to make payments on finalization of payment processes. In addition, the challenge has been escalated to the CoJ Municipality, and a detailed report of the balances owed by the CoJ Departments has been prepared to submit to the Mayoral Committee for consideration in addressing the challenges raised by JOSHCO. The balances owed as at 31 December 2024 are also detailed in **Table 39** of this chapter.

### 1.1.2 Non-current assets

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

## 1.2. LIABILITIES

Loans from shareholders increased by R261, 417 million (from R1,309 billion to 1,578 billion) mainly due to the entity not receiving funds owed from various entities where JOSHCO is an implementing agent for their projects. Engagements have been held monthly with CoJ Departments to settle long outstanding debts; some departments have committed to make payments on finalization of payment processes. Included in current liabilities is the current portion of the long-term loan from the DBSA. Payables from exchange transactions have decreased by 1%, which is a result of allocation of cash to JOSHCO to settle some of the outstanding and overdue Trade payables from contractors and service providers. JOSHCO is continuously engaging Group Finance (Treasury) on a weekly basis for allocation of cash to settle invoices incurred from service providers.

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

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

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 December 2024 resulted in a deficit of R215,687 million per Table 38 below.

<b>Table 2: Statement of Financial Performance for period ended 31 December 2024</b>				
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Variance %</b>
	<b>YTD</b>	<b>YTD</b>		
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
Rental Income	82 939	73 384	9 555	<b>13.02%</b>
Subsidies	66 751	66 751	-	<b>0.00%</b>
Management Fees	8 288	37 746	(29 458)	<b>-78.04%</b>
Interest Income	17 591	6 339	11 252	<b>177.50%</b>
Utility Recoveries	2 168	504	1 664	<b>330.16%</b>
Other Income	158	271	(113)	<b>-41.70%</b>
EPWP Government Grant	1 868	-	1 868	<b>#DIV/0!</b>
<b>Total Revenue</b>	<b>179 763</b>	<b>184 995</b>	<b>(5 232)</b>	<b>-2.83%</b>
Personnel costs	(116 131)	(103 017)	(13 114)	<b>-13%</b>
Board fees	(1 928)	(1 224)	(704)	<b>-58%</b>
Debt impairment	(28 264)	(13 204)	(15 060)	<b>-114%</b>
Depreciation and Amortisation	(2 011)	(852)	(1 159)	<b>-136%</b>
Bad Debt written off	(589)			
Finance Costs	(63 436)	(503)	(62 933)	<b>-12512%</b>
Repairs and Maintenance	(55 205)	(33 920)	(21 285)	<b>-63%</b>
Security	(30 162)	(2 944)	(27 218)	<b>-925%</b>
Utilities	(72 619)	(16 186)	(56 433)	<b>-349%</b>
Administrative	(25 104)	(20 259)	(4 845)	<b>-24%</b>
<b>Total Expenditure</b>	<b>(395 450)</b>	<b>(192 110)</b>	<b>(203 340)</b>	<b>-106%</b>
<b>Operating (Deficit)/Surplus before tax</b>	<b>(215 687)</b>	<b>(7 115)</b>	<b>(208 572)</b>	<b>2931.44%</b>
Taxation	-	-	-	-
<b>Operating (Deficit)/Surplus after tax</b>	<b>(215 687)</b>	<b>(7 115)</b>	<b>(208 572)</b>	<b>2931.44%</b>

## 2.1. REVENUE

### 2.1.1. Composition of Revenue

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

**Table 37: Composition of Revenue**

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	82 939	73 384	46%
Subsidies	66 751	66 751	37%
EPWP Government Grant	1 868	-	1%
Management Fees	8 288	37 746	5%
Interest Income	17 591	6 339	10%
Utility Recoveries	2 168	504	1%
Other Income	158	271	0%
<b>Total Revenue</b>	<b>179 763</b>	<b>184 995</b>	<b>100%</b>

Total revenue is slightly above budget by R5 232 thousand. The biggest contributor to revenue earned in the current financial year is rental income, making up 46% of total revenue. Rental income is 13% over budget due to tenant allocation of projects was higher than projected as a result of the use of JOSHCO APP. i.e. Ekhaya Gardens, Riverside View and Lufhereng. Management fees is under budget by 78.4% , JOSHCO has less special projects for Coj Core Departments. The interest income charged on overdue rental debtors is above budget by 177.5% due to interest charged to defaulting tenants .

### 2.1.2 Revenue Collection

The entity's collection levels have further improved compared to the same period last year as we've realised **63%** for current tenant rentals **with the City Stock** for the 2<sup>nd</sup> Quarter of 2024.25 FY ending on 31<sup>st</sup> December 2024 as shown in Table 40 below.

**Table 38: Quarter 2 summary with City Stock (31 December 2024)**

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		
<b>SHRA Projects (13)</b>	25 694,18	-17 338,65	67%	8 355,53
<b>JOSHCO Projects (11)</b>	6 446,61	-5 149,71	80%	1 296,90
<b>City Referral (10)</b>	9 147,59	-2 603,97	28%	6 543,62
<b>Retail Space (9)</b>	2 093,56	-2 278,52	109%	(184,96)
<b>OVERALL COLLECTION</b>	<b>43 381,94</b>	<b>-27 370,85</b>	<b>63%</b>	<b>16 011,09</b>

### 2.1.3 Revenue Collection by Debt Collection Companies

The company uses the services of a debt-collecting companies to collect debt over 90 days and above R10 000. The performance of the debt collection company is shown in **Table 41**. For the quarter under review, the companies have collected R1,9 million (1%) from the R169 395 million handed over to them for collection.

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

**Table 39: Performance of debt collection companies for the current year to date**

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-24	3 552	166 744,00	665	0,40%
Aug-24	3 552	172 045,00	615	0,36%
Sep-24	3 552	169 395,00	640	0,38%
Oct-24	3 552	181 618,00	767	0,42%
Nov-24	3 552	186 798,00	716	0,38%
Dec-24	3 552	184 808,00	789	4,29%
<b>TOTAL YEAR-TO-DATE</b>	<b>3 552</b>	184 808,00	<b>4192</b>	2%

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 for tenants to choose from and Table 42 below shows the list of vouchers processed for the current quarter. In addition to the vouchers processed, we're also looking at system write-offs for all closed accounts in our books as those tenants have since vacated and the units are occupied by paying tenants. Tenants who vacated and got evicted with balances owed are blacklisted with all Credit.

**Table 40: Settlement Discount Vouchers & Write-offs**

**30-50% Settlement Discount Vouchers:**

Number of tenants settled	Total value	Total amount collected
3	122 822	122 822

**20 % Extra Seasonal Special:**

Number of tenants settled	Total value	Total amount collected
1	557	2 226

**No trace and closed accounts**

Number of tenants settled	Total value	Total amount W.off
1	54 784	54 784



## 1.2. EXPENDITURE

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

- a) **Personnel costs:** The employee cost is 13% over the year-to-date budget due to salary adjustments (PFA) EPWP and backdate payments on SALGA adjustment.
- b) **Board fees:** The director's remuneration (board fees) is 58% above budget. Board fees are a variable cost that is affected by the attendance of members for various meetings. Special sittings of ARC and Board for AFS approval are also a contributing factor.
- c) **Debt impairment:** The debt impairment is over budget by 114% due to the high tenant debt ages.
- d) **Depreciation and Amortisation:** Depreciation and amortisation is 136% over budget due to the purchase of property, plant, and equipment for the head office, tools of trade for office-based staff which also includes computer equipment as well as IT software and licenses to improve ITC security of the organisation.
- e) **Finance costs:** Finance costs exceed budget by R12 512% million due to interest incurred on negative Sweeping account (overdraft) arising from delays in receiving payment from projects undertaken on behalf of COJ departments.
- f) **Bad debts written off:** These are irrecoverable amounts per the conditions of the bad debt write-off policy.
- g) **Repairs and Maintenance:** Repairs and maintenance expenditure is 63% above budget due to responsive maintenance, maintenance done to comply with Safety regulations and responding to the building condition assessment report
- h) **Security:** Security services is R27 million above budget due to an increase in buildings under management, buildings which are still in the planning phase and no contractor is appointed and sites where contractors have been terminated. The number of guards insourced are not sufficient to cover the security requirements of the entity's building portfolio furthermore the budget allocated was mainly for Security Equipment.
- i) **Utilities:** The utilities expenditure is R72 million above budget largely due to unavoidable utility costs incurred more than available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects . A flat rate for water is being charged while the water meters are being sourced and installed across JOSHCO projects.
- j) **Administrative costs:** The administrative costs are R4.8 million above budget largely due to increase in consulting fees, legal costs for ongoing investigations and rental collection processes, eviction processes and contracted services for business process improvements.

### SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 31 December 2024 is R41,051 million. The tenant deposit account has a balance of R38 million. The SHRA account has a balance of R2 million. An amount of R1,656 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 for the 24/25 financial year is R271,916 million (23/24: R337,5 million) funded from the external funding sources (EFF) capital reserves (CRR) and grants (MIG). As at 31 December 2024, JOSHCO's verified spend for the quarter under review is 50% against a quarterly target of 50%. This is reflected in Table 42 below. The detailed budget per project is shown in Table 43.

**Table 41: CAPEX Spend**

SOURCE	APPROVED BUDGET	CLAIMS TO DATE	%
EFF -350	205 910 706,00	123 899 410.05	60%
CRR-360	19 005 394,00	9 047 812.29	48%
MIG-373	47 000 000,00	2 323 748.29	5%
<b>TOTAL</b>	<b>271 916 100,00</b>	<b>135 270 970.63</b>	<b>50%</b>

**Table 42: Capex Spend Per Project**

Project Name	Adjusted Budget	Expenditure to date	Balance
EXISTING STOCK REDEVELOPMENT;UPGRADE AND 30042 - Kelvin	5 849 900.00	14 971 802.51	(9 121 902.51)
LOMBARDY EAST HOUSING PROJECT New Housin	7 000 000.00	4 916 929.51	2 083 070.49
LOMBARDY EAST HOUSING PROJECT New Housin	8 060 806.00	10 529 871.63	(2 469 065.63)
LUFHERENG SOCIAL HOUSING PROJECT New Hou	2 005 394.00	3 761 201.86	(1 755 807.86)
NANCEFIELD STATION HOUSING/KLIPSPRUIT ST	7 000 000.00	-	7 000 000.00
Selkirk Social Housing project New Housi	55 000 000.00	31 864 994.91	23 135 005.09
Golden highway Social Housing project Ne	40 000 000.00	2 323 748.29	37 676 251.71
Malvern Building Conversion	40 000 000.00	12 880 776.73	27 119 223.27
38 Rissik Street (NBS) Inner City Buildi	7 000 000.00	660 000.00	6 340 000.00
Booyens Place Inner City Building C	7 000 000.00	3 184 509.28	3 815 490.72
Smit Street Inner City Building Conv	30 000 000.00	-	30 000 000.00
Marlboro Social Housing Project Regi	10 000 000.00	12 064 542.73	(2 064 542.73)
Tum-Key 1: Region A	5 000 000.00	5 341 443.96	(341 443.96)
Tum-Key 1: Region B	30 000 000.00	12 431 015.34	17 568 984.66
Park Chambers	1 000 000.00	-	1 000 000.00
Frank Brown/ Milpark Social Housing Deve	10 000 000.00	4 626 610.43	5 373 389.57
Tum-Key : Region F ( Denver Social Housi	6 000 000.00	10 579 411.29	(4 579 411.29)
	1 000 000.00	5 134 112.16	(4 134 112.16)

Project Name	Adjusted Budget	Expenditure to date	Balance
<b>Totals</b>	<b>271 916 100.00</b>	<b>135 270 970.63</b>	<b>136 645 129.37</b>

## SECTION 5: RATIO ANALYSIS

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

**Table 43: Key Ratio Analysis as at 31 December 2024**

KEY PERFORMANCE INDICATOR	2024/25 TARGET	QUARTER 2 TARGET	QUARTER 2 PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios  % collection in respect of current debtors	Current ratio 1:1	1:1	0.45	-0:55
	Solvency Ratio 1:1	1:1	0.47	-0:53
	80% collection in respect of current debtors	80%	74%	-26%
% 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%	22%	-78%
% Capital Expenditure Budget.	100% Expenditure of Approved Capital Budget.	50%	50%	-0%

It is important to note that JOSHCO's cost coverage ratio is 782 days. This implies that JOSHCO currently does not generate enough cash to cover its monthly fixed operational costs.

## 5.1 MITIGATION ACTION

### 5.1.1 Current Ratio and Solvency Ratio

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

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

Strategies to reduce expenditure are as follows:

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

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

- Investigation of utilities billing to ascertain whether there may be a billing error resulting in high water and sanitation costs.
- Engagements being held with Department of Human Settlements to effectively hand over City referral stock and also costs associated with managing those projects that are being incurred by JOSHCO.

- The BEC is to be mandated to negotiate savings with the approved service provider/s and those should be included in the final service level agreement.
- Where feasible, testing of the market is to be performed prior to finalising budget for new tenders to be advertised to ensure that JOSHCO will procure goods and services in the most economical manner.

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

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

- Improved Revenue Collection: Achieved 74% collection without City Stock and 65% with City Stock for Q2 of 2024/25.
- Pre-Legal Department: Established to handle debts over 30 days, recommending recovery methods like attachment orders and evictions.
- Settlement Discounts: Offered for tenants willing to settle debts in full or reduce overdue amounts.
- Non-Reversible Payment Methods: Introduced Debi Check mandates for new accounts, lease renewals, and payment arrangements.
- Technology Enhancements: Deployed Speed Point devices for tenant convenience and biometric access for valid leaseholders.
- Implementing departmental changes to reduce costly inefficiencies, respond to new competitive markets, and develop strategies to move forward successfully.
- Introduction of in-house electricity vending system and installation of smart meters to better manage and control utility bills.
- Active call to defaulting tenants to sign acknowledgement of debt (AOD's) and make payment arrangement for long outstanding debt.
- Launch of new freeze and reversal promotion for current and historical interest charges for tenants who sign AOD's.
- Improved credit evaluation process for new tenant applications.
- The entity has identified stock that should not form part of the social housing or affordable housing portfolio. The board has approved for this stock to be returned to the city. CoJ Council has approved transfer of this stock to CoJ Department of Human Settlements during the Council meeting held 30-31 July 2024.

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

### 6.1 DEVIATIONS ON SCM

There were no approved deviations for the quarter under review.

### 6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 30 December 2024, only 22% of valid invoices were paid within 30 days per Table 30 below. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis.

**Table 44: Payments within 30 days for Quarter 2**

Period	Total number of supplier payments	Total number of invoice received in the period	% Paid within 30 days	Total number of invoice not paid within 30 days	% Not paid within 30 days
Quarter 2	463	2 065	22%	1 602	78%

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

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

There is potential irregular expenditure on the year-to-date overspend of the budget of over R203 million should the entity's deficit position not reverse by the end of the financial year.

### 6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

The approved variation orders for the period under review per Table 31 below.

**Table 46: Approved variation orders for the quarter ended 31 December 2024**

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK( VARIATION ORDER)	DEPARTMENT/ END USER	BAC DATE	SERVICE PROVIDER	AWARDED AMOUNT
RFQ/SA/005/2023	THE APPOINTMENT OF A CONTRACTOR FOR REFURBISHMENT, RETOROFITTING, FURNISHING JOSHCO STUDENT ACCOMMODATION BUILDING	HOUSING MANAGEMENT	10 OCTOBER 2024	GOHELA CONSTRUCTION	R 3 174 600.59
RFB/PM/UISP/010/2021	THE APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT FOR PHASE 3 OF INFORMAL SETTLEMENT LOCATED IN REGION G	HOUSING MANAGEMENT	14 OCTOBER 2024	RIXONGILE CONSULTING ENGINEERS	R 13 176 819.38
	THE APPOINTMENT OF A CONTRACTOR FOR DE-DENSIFICATION OF HOSTELS AND INFORMAL SETTLEMENTS OF PHASE 1B IN REGION E.	HOUSING MANAGEMENT	12 DECEMBER 2024	Pro-Power Group (PTY) LTD	R 63 513,17
	THE APPOINTMENT OF A CONTRACTOR FOR TRANSITIONAL RESIDENTIAL UNITS (TRU) RESTORATIVE WORKS IN 12 SECOND AVENUE, REGION E.	HOUSING MANAGEMENT	12 DECEMBER 2024	Tendiwanga Morula Turnkey	R3 725 255,28

## 6.5 AWARDS MADE FOR THE QUARTER

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

**Table 45: Awards for the Quarter**

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE / YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/POC/002/2024	6GB ONLY PANEL OF CONTRACTORS FOR UPGRADES AND REFURBISHMENTS – BUILT ENVIRONMENT FOR LEVEL 6GB ONLY FOR A PERIOD NOT EXCEEDING 36 MONTHS	HOUSING MANAGEMENT	01 JULY 2024	10 OCTOBER 2024	103 PANEL MEMBER	N/A	WINNING BIDDERS	N/A	N/A	N/A
RFQ/POC/002/2024	7GB ONLY PANEL OF CONTRACTORS FOR UPGRADES AND REFURBISHMENTS – BUILT ENVIRONMENT FOR LEVEL 7GB ONLY FOR A PERIOD NOT EXCEEDING 36 MONTHS	HOUSING MANAGEMENT	01 JULY 2024	24 OCTOBER 2024	98 PANEL MEMBER	N/A	WINNING BIDDERS	N/A	N/A	N/A
RFQ/HOUSING/001/2024	THE APPOINTMENT OF A CONTRACTOR FOR THE RELOCATION	HOUSING MANAGEMENT	JOSHCO approved panel of Contractors	10 OCTOBER 2024	NGWANASHOG OLE /SEGABOKENG JV	MALE	WINNING BIDDER	R91 000 000.00	R 86 101 769.00	ONE



BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE / YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	OF INFORMAL SETTLEMENT (KAPOK, PRECAST/VOLT A AND MAZIBUKO PARK) TO FORM ROODEPOORT PORTION 9/302)									
RFQ/FIRESERVICE S/1893/2024	THE APPOINTMENT OF A SERVICE PROVIDER FOR MAINTENANCE OF FIRE EQUIPMENT AT EKHAYA GARDENS	HOUSING MANAGEMENT	JOSHCO approved panel of fire equipment	10 OCTOBER 2024	VUHLURI HOLDING	FEMALE	WINNING BIDDER	R 1200 000.00	R 903 035.95	ONE
RFP/PM/HOUSING/ 001/2024	THE APPOINTMENT OF A PROJECT MANAGER FOR THE RELOCATION OF INFORMAL SETTLEMENTS (KAPOK, PRECAST/VOLT A AND MAZIBUKO PARK) TO FARM ROODEPOORT PORTION 9/302).	HOUSING MANAGEMENT	JOSHCO approved panel of Contractors (PROJECT MANAGERS)	15 NOVEMBER 2024	PHOENECIAN GROUP	FEMALE -YOUTH	WINNING BIDDER	R 14 543 120.00	R 14 778 186.80	ONE
RFQ/BEREA/001/2 024	THE APPOINTMENT OF A CONTRACTOR FOR THE REBURBISHMEN	HOUSING MANAGEMENT	JOSHCO approved panel of Contractors	12 DECEMBER 2024	BULUMKO GROUP	FEMALE - YOUTH	WINNING BIDDER	R 2 600 000.00	R 2 068 737,99	ONE

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE / YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	T OF REGENT HOUSE IN BEREA, JOHANNESBURG, REGION F									
RFQ/ICTLAPTOPS, EQUIP/001/2024	THE APPOINTMENT OF A SERVICE PROVIDER TO PROVIDE ICT WITH LAPTOPS AND OTHER EQUIPMENT	ICT	JOSHCO approved panel of ICT	13 NOVEMBER 2024	ONEWAY TECHNOLOGIES	MALE	WINNING BIDDER	R 2 300 000.00	R 2 095 892.20	ONE

## 6.6 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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

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

<b>a) Total Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 2 R'000</b>	<b>% of total expenditure</b>
Capital Expenditure	93 181	55
Operational Expenditure	76 354	45
<b>Total Expenditure</b>	<b>169 535</b>	<b>100</b>

<b>b) Capital Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 2 R'000</b>	<b>% Of Capex expenditure</b>
Professional Consultants	43 823	47
Contractor Payments	49 358	53
<b>Total Expenditure</b>	<b>93 181</b>	<b>100</b>

<b>c) Operational Expenditure</b>		
<b>Nature of expenditure</b>	<b>Quarter 2 R'000</b>	<b>% Spend</b>
Procurement <R200 000	5 047	7
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	790	1
Operational Expenditure	7 886	10
Security Services	26 084	34
Repairs and Maintenance	36 547	58
<b>Total</b>	<b>76 354</b>	<b>100</b>

## 6.7 ACHIEVEMENT ON BBBEE

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

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

<b>Period</b>	<b>Total OPEX from procurement activities</b>	<b>OPEX to at least 51% black-owned companies</b>	<b>% Spend for the period</b>
	<b>R'000</b>	<b>R'000</b>	
<b>Quarter 2</b>	76 354	72 519	<b>95%</b>

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	93 181	86 968	93%

Table 48: Summary of spend on women owned companies.

Period	Total OPEX from procurement activities	OPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	76 354	9 435	12.4%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	93 181	9 754	10.5%

Table 49: Summary of spend on youth owned companies.

Period	Total OPEX from procurement activities	OPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	76 354	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	93 181	0	0%

## SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

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

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

Parties are in the process of exchanging all the necessary court papers.

No.	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. Five demolition orders were previously executed.</p> <p><b>Progress:</b> There were two remaining structures that had to be demolished. One of the two structures was demolished on 24 January 2024. For the remaining structure. JOSHCO and the respondents reached a mutual agreement agreed to settle the matter out of court. A settlement agreement was duly in the second quarter; Attorneys have applied for a hearing date at the court to have the settlement agreement formalised as a court order. In preparation for the demolition JOSHCO has submitted an activity plan and is in a process of appointing service provider who will carry out the demolition.</p>	30/06/2020	The matter is ongoing. Six demolition orders have been executed thus far.	Expenditure to date: R 785 932,29 spent on legal fees.
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. Twenty -one of these orders have been successfully executed.</p> <p><b>Progress:</b></p>	2019	Matters are ongoing.	Expenditure to date: R 5 709 584.41 spent on legal fees.

			Three out of four Evictions were successfully executed in the first quarter. The 4 <sup>th</sup> Eviction was executed in the second quarter, and it was a resounding success. Six other eviction orders were successfully obtained during the second quarter and are awaiting confirmation of Eviction dates from the Sheriff.			
	<b>PARTIES AND NATURE OF THE MATTER</b>	<b>ATTORNEYS</b>	<b>STATUS AND PROGRESSION</b>	<b>INCEPTION DATE</b>	<b>OUTCOME</b>	<b>COST IMPLICATIONS</b>
3.	Social Housing Movement and 5 others // JOSHCO and 3 others	ENSafrica	<p>Court application lodged by the Social Housing Movement and various tenants against JOSHCO, Social Housing Regulatory Authority, CoJ Municipality, and the Department of Human Settlements (Province). The application seeks to compel JOSHCO to convert leases into rent-to-own agreements, and to further prevent JOSHCO from evicting tenants without obtaining “suitable alternative accommodation”.</p> <p><b>Progress:</b> JOSHCO's attorneys obtained a court hearing date for 02 June 2025. We are currently waiting for the hearing.</p>	12/09/2022	The matter is ongoing.	Expenditure to date: R382 653,90
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</p>	08/11/2022	The matter is ongoing	Costs incurred to date: R 1 795 186.44

			<p>alternative accommodation. Attorneys have been appointed to oppose the matter.</p> <p><b>Progress:</b> The matter was heard on 29 July 2024. The court did not directly address the issue of JOSHCO providing RDP housing to the applicants, Notably during the hearing the applicant's counsel acknowledged that the process for obtaining RDP housing had been set out in JOSHCO's answering affidavits and the applicants were able to follow that process without the need for a court order.</p> <p>The court subsequently proceeded to consider the issue of costs as JOSHCO had sought costs, However in its ruling the court declined to make any order as to costs. JOSHCO was unsatisfied with the Judgement, despite the dissatisfaction with the ruling JOSHCO have opted not to pursue an appeal due to potential financial implications and have decided to bring the matter to a close.</p>			
5.	JOSHCO //Quick Prop Systems (Pty) Ltd	Mncedisi Ndlovu & Sedumedi Attorneys	<p>Court application instituted by JOSHCO against Quick Prop Systems (Pty) Ltd. Quick Prop 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><b>Progress:</b> JOSHCO's attorneys obtained a hearing date for 03 February 2025.</p>	12/03/2023	The matter is ongoing	Expenditure to date: R 419 310.90
6.	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</p>	20/04/2023	The matter is ongoing	Expenditure to date: R 220 157.44

			<p>salvage the project, parties reached agreement for a simultaneous transfer of the property to Tlhokomelo, 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 Tlhokomelo, 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 Tlhokomelo 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 terminated the Development Agreement due to several breaches committed by the developer.</p> <p><b>Progress:</b> The matter was heard on the 3<sup>rd</sup> of June 2024, with the court ordering that the property in question be transferred to JOSHCO. The deeds have passed examination at the deeds office for transfer of the properties. Registration is being finalised.</p>			
7.	JOSHCO//Illegal occupants of the Casa Mia building	Padi Attorneys	<p>Eviction application lodged on an urgent basis against illegal occupants of the Casa Mia building.</p> <p><b>Progress:</b> The matter was heard on 21 November 2023 wherein the court granted an order declaring the building unsafe for occupation and instructed the city to provide alternative accommodation for the illegal occupants. JOSHCO engaged the Human Settlements department regarding provision of alternative accommodation and was advised that Casa Mia occupants</p>	20/09/2023	The matter is ongoing	Cost incurred to date : R 638 435.07.



			are to be accommodated at the Transnet building that the City is acquiring through JPC. As part of the bad buildings strategy, Casamia is earmarked for evacuation which will see the occupiers allocated to temporary emergency accommodation.			
8.	TSSN Carriers (PTY) Limited//Joshco Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	<p>JOSHCO appointed TSSN Carriers (Pty) Ltd in July 2019, for construction of 145 social housing units at Randburg. The contractor never commenced work due to a few outstanding town planning issues, which JOSHCO has been in the process of resolving. In June 2023 JOSHCO terminated the contract, on the basis that there had been no work on site for a continuous period of 90 days. The contractor disputed the termination and referred the matter to adjudication.</p> <p><b>Progress:</b> Outcome of the referral to adjudication was received on 27 May 2024. The adjudicator decided that he did not have jurisdiction to decide on the matter. TSSN thereafter submitted a settlement proposal to JOSHCO, which JOSHCO rejected. TSSN has applied for Arbitration. Arbitration proceedings have been initiated. A pre-arbitration conference was held in September to facilitate the process. And then?</p>	26/03/2024	This is a new matter that was reported in Q3.	Cost incurred to date : R211 598,70

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

No.	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION DATE	OUTCOME	COST IMPLICATIONS
1.	JEH Properties //JOSHCO	Dyason Attorneys	Sale of immovable property at no. 195 Commissioner Street, bought for R 6 500 000. The Sale Agreement was signed on the 3 <sup>rd</sup> of April 2014. JOSHCO initially attempted to cancel the Sale Agreement and recover the	22/05/2015	The matter is ongoing	Expenditure to date: R38 775.00 (added

	<p>- Cancellation of Property Sale Agreement in respect of 195 Commissioner Street.</p>		<p>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><b>Progress on civil claim:</b> The defendants (seller and conveyancing attorney) have not yet filed their discovery affidavit. JOSHCO's attorneys are to bring an application to compel Discovery. The application to compel discovery has been delayed by the Court's practice directives in respect of enrolment of applications and the handling of the Court files.</p> <p>The legal department engaged attorneys on record and requested an opinion on the possibility of succeeding with claims against former JOSHCO officials who were involved in the transaction.</p> <p>Based on the opinion received from the attorneys, JOSHCO's merits of success with such claims would be limited as the matter has also been investigated by the Special Investigating Unit, which did not implicate specific individuals from JOSHCO. The SIU confirmed that sellers and conveyancing attorneys had also defrauded other State entities.</p> <p>During JOSHCO's engagements with the SIU, attempts were made internally by the Legal officer to retrieve background information relating to the sale/transaction, but information was limited.</p> <p><b>Criminal investigation:</b> Upon engagements with the SAPS, JOSHCO's legal department was advised that the docket was submitted to the prosecutor for a decision, and the prosecutor advised that the Investigation Officer proceed with further investigations on the matter.</p>			<p>R1 950)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>
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2.	SKN Consulting // JOSHCO - Claim for damages.	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 damage suffered as a result of their non-performance. The matter was referred to arbitration.</p> <p><b>Progress:</b> Attorneys have applied for a hearing date and for the matter to be placed on an unopposed motion roll. They are currently awaiting for the hearing date.</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

As of December 2024, there is a total of thirty-eight (38) claims, of these eight (8) are closed (rejected and settled) and thirty (30) are active. During the quarter under review a total number of three (3) new claims were recorded. Two (2) of these claims relates to assets and one (1) claim is GPA.

**Table 52: Insurance Claims as at 30 September 2024.**

Claim Type	Active	Rejected	Settled	New claim
EPL	1	0	4	0
Third-Party Liability	8	2	0	0
Assets	13	0	1	2
GPA	8	0	1	1
<b>Total</b>	<b>30</b>	<b>2</b>	<b>6</b>	<b>3</b>

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

## 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 39 below.

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

Name of department	31 December 2024	30 June 2024	Account Status	Comments
City of Johannesburg: Sweeping account	-1 639 239 207,05	-1 439 740 179,79	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.  Follow up letters have been sent to departments.
City of Johannesburg: Salaries	-235 809 854,31	-227 363 142,96	180 days overdue	Operational subsidy is now applied to salaries.
City of Johannesburg: Municipal Charges	-383 030 930,24	-229 454 236,21	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.

Name of department	31 December 2024	30 June 2024	Account Status	Comments
City of Johannesburg: GCSS	-208 901 456,31	-190 635 920,95	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints
City of Johannesburg: Human Settlements	712 863 854,39	690 212 929,02	180 days overdue	DHS has paid JOSHCO R5 mil this quarter. Follow up letters have been sent to the department
City of Johannesburg: Treasury	5 958 169,39	5 958 169,39	180 days overdue	A meeting was held with Treasury. A commitment has been made to look into the transaction. No resolution as at the end of the quarter.
City of Johannesburg: CAM	89 841 939,72	159 300 613,61	180 days overdue	CAM has paid an amount of R90 mil in this quarter 2.
City of Johannesburg: Health Department	7 947 608,44	8 147 298,76	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.
City of Johannesburg: Development planning GEF Project	2 141 642,22	2 141 642,45	180 days overdue	
City of Johannesburg: JDA	96 800,00	96 800,00		
City of Johannesburg: JPC	600,00	9 906 600,00		
City of Johannesburg: Community Development	172 444 178,31	168 150 404,38	180 days overdue	
City of Johannesburg: Legislature	46 823 417,73	46 823 417,73	180 days overdue	
City of Johannesburg: JMPD	48 512 872,56	46 794 434,97	180 days overdue	
City of Johannesburg: EMS	30 592 881,18	32 241 079,67	180 days overdue	
City of Johannesburg: Office of the COO	14 853 943,35	14 853 943,35	180 days overdue	
City of Johannesburg: Transport	22 107 204,69	22 107 204,69	180 days overdue	
City of Johannesburg- Social Development	2 154 547,47	2 154 547,47	180 days overdue	
City of Johannesburg - EPWP Grant	64 500,00	13 418 106,58	60 days overdue	

Name of department	31 December 2024	30 June 2024	Account Status	Comments
City of Johannesburg: Licencing	4 056 469,07	4 056 469,07	180 days overdue	
<b>TOTAL</b>	<b>-1 099 270 652,71</b>	<b>-860 829 818,77</b>		

# CHAPTER 6

## INTERNAL AUDIT

## SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

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

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

- Financial Statement Review
- AOPO
- Housing Maintenance and Portfolio Management
- Follow – up on Internal Audit Findings

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

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



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

Table 54: 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	34	34	13	21
Chief Operating Office (COO)	43	43	25	18
Corporate Services	7	7	7	0
Planning & Strategy	2	2	2	0
<b>Total</b>	<b>86</b>	<b>86</b>	<b>47</b>	<b>39</b>
%	100%	100%	55%	45%

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

AGSA has just concluded its review for 2023/2024 period, therefore the follow-up on the AGSA finding will be performed from the third quarter.

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

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