

“WE
DELIVER
AFFORDABLE
AND SUSTAINABLE
SOCIAL HOUSING
IN JOBURG,”



JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

FOURTH QUARTER PERFORMANCE REPORT FOR THE 2022/2023 FINANCIAL YEAR.

(In terms of Section 121 of the Municipal Finance Management Act 56 of 2003 and Section 46 of the Municipal Systems Act 32 of 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

Fax number : 086 240 6691

Website : www.JOSHCO.co.za

Bankers : Standard Bank of SA Limited

Auditors : Auditor-General

Vision

To become the best provider of quality, affordable Social Housing designed to global standards.


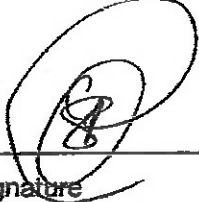

Mandate

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

Mission

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

Approval:

<p><u>Nontobeko Ndimande</u> Name & Surname Chief Financial Officer</p> <p><u></u> Signature</p>	<p>Date of Approval: <u>21/07/2023</u></p>
<p><u>Bongelivile Lodeka</u> Name & Surname Chief Executive Officer</p> <p><u></u> Signature</p>	<p>Date of Approval: <u>21/07/2023</u></p>
<p><u>Sydney James</u> Name & Surname Chairperson of the Board</p> <p><u></u> Signature</p>	<p>Date of Approval: <u>24/07/2023</u></p>
<p>_____ Name & Surname MMC</p> <p>_____ Signature</p>	<p>Date of Approval: _____</p>

ABBREVIATIONS

AGM	Annual General Meeting
ARC	Audit and Risk Committee
BI	Business Intelligence
CAPEX	Capital Expenditure
CBD	Central Business District
CI	Corporate Identity
COJ	City of Johannesburg
CRM	Customer Relationship Management
CSI	Corporate Social Investment
EDMS	Electronic Data Management System
EMT	Executive Management Team
EPWP	Expanded Public Works Programme
FY	Financial Year
GBV	Gender-Based Violence
GHS	Global Household Survey
ICT	Information and Communications Technology
JOSHCO	Johannesburg Social Housing Company
JPC	Johannesburg Property Company
KPA	Key Performance Area
KPI	Key Performance Indicator
LLF	Local Labour Forum
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MOE	Municipal Owned Entity
GLU	Government of Local Unity
MSA	Municipal Systems Act
MTC	Metropolitan Trading Company
NSFAS	National Student Financial Aid Scheme
OPEX	Operating Expenditure
PESTEL	Political, Economic, Social, Environmental and Legal (perspective)
PIE	Prevention of Illegal Eviction and Unlawful Occupation of Land
PMU	Project Management Unit
POPIA	Protection of Personal Information Act
PPE	Personnel Protective Equipment

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SECTION 1: CHAIRPERSON'S REPORT



Mr Sydney James

Chairperson: JOSHCO Board of Directors

As per Statistics South Africa people migrate for a number of reasons; these can be categorised under economic, social-political, cultural or environmental. These categories also relate to what is known as “push” or “pull” factors. The economic strength of Gauteng relates to “pull” factors that influence its attractiveness to migrants. Gauteng receives the highest number of in-migrants for the period 2016 to 2021. Better economic opportunities, jobs, and the promise of a better life are some of the factors that make Gauteng an attractive destination.

The City of Johannesburg being the nucleus of the Gauteng economy receives the bulk of the migration and the Johannesburg Social Company (JOSHCO) is tasked to assist in mitigating the need for rental accommodation close to the economic hub of the province.

The Capex budget was adjusted down by R99.7 million to R399 million funded from the external funding sources and capital reserves. As at 30 June 2023, JOSHCO’s verified spend for the quarter under review is 101% against a target of 100%.

The overall performance compared to the same period last year has improved from 30% to 69 % this quarter. Rental collections have improved to an overall 61% the improvement was despite the Hostel portfolio which has not performed satisfactorily. In terms of internal audit findings there has been a 98% resolution, and 75% resolution of AGSA findings. The company has achieved 100% on the risk mitigation measures. The Financial stability of JOSCHO is concerning as a major factor is the inability of various departments within the City of Johannesburg to settle outstanding debt which impacts on JOSHCO’s ability to settle their own debt to Service Providers.

We as the Board would like to express our gratitude to the Executives and especially the hard-working employees of JOSHCO for their diligence and hard work during the period and year in question. While we as a Board are tasked to steer and navigate JOSHCO through the rough seas, it is the men and women that keep the ship afloat. We have also appointed a Company Secretary within this period under review and this will add to stability of the entity.

My gratitude also goes out to my fellow Board Members for availing themselves for the task at hand in navigating JOSCHO through this period.

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT



As the Acting Chief Executive Officer, I am delighted to present the Quarter 4 performance report of JOSHCO. The 2022-2023 financial year Business Plan comprises 27 key performance indicators (KPIs) and targets, of which 18 have been achieved during this quarter. This reflects a commendable performance achievement of 69% for the quarter, a significant improvement from the 30% reported in Q4 of the 2021-2022 financial year.

Bongani Radebe

Acting Chief Executive Officer

Notably, we have surpassed our core targets by completing 936 units for the financial year, and an additional 555 social housing units have been developed. This positive trajectory demonstrates our commitment to sustainable human settlement and making significant strides in the Social Housing Institutions (SHI) landscape in Africa, aligning with the City's Growth Development Strategy (GDS) 2040.

However, I must address the financial performance for the quarter ending 30 June 2023, which resulted in a deficit of R307.1 million. The deficit is attributed to our inability to generate sufficient income to cover fixed costs and multiple expense line items that exceeded the budget. Despite this, we have seen improvements in rental collection, with 61% of the current tenant rentals being collected, an increase from the 60% collected in the previous quarter. The implementation of the 5 year strategic plan and our extensive stakeholder engagement program is yielding positive results, as seen on the collection rate and overall performance. In the upcoming financial year, we plan to intensify stakeholder engagements in order to have a greater reach to our residents.

I am pleased to report that our commitment to compliance remains unwavering. We have made remarkable progress in resolving compliance issues highlighted during Social Housing Regulatory Authority (SHRA) accreditation downgrading. Regular meetings with SHRA have facilitated progress, and we are actively implementing the recently approved Five-Year Plan submitted to the regulator.

Looking ahead to the new financial year, we are confident in achieving our predetermined objectives and responding to the strategic direction set by the City of Johannesburg (CoJ). I extend my gratitude to the MMC of Human Settlement Department Councillor, Anthea Leitch and Board of Directors for granting me this opportunity to contribute to the human settlements sector through Social Housing in the CoJ.

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT



Ms Nontobeko Ndimande
Chief Financial Officer

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

Revenue Report

The biggest contributor to revenue is rental income making up 58% of total revenue. Total revenue is 1% R3,5 million above budget. The Management fees (representing 18% of total revenue) was over budget due to additions projects on behalf of other departments than anticipated. There were additional allocations of work from the Transport department late in the financial year. Interest income makes up 9% of revenue and is mainly from overdue accounts from tenants.

The entity's collection levels continue to increase, collection for current tenant rentals is 61% against a collection target of 80% for the current financial year, and improvement of 1% from the 60% collected last quarter. Collections in respect of SHRA funded Projects is 54%, JOSHCO Projects is 73%, and City stock at 44%, former hostels are still performing below 3%, whilst the retail space is at 106% for the quarter ending 30th June 2023. The entity uses the services of debt collecting companies to collect debt over 60 days and above R10 000. For the quarter under review, the companies have collected R6,6 million (2.86%) from the R231 million handed over to them for collection. The entity is also continuing with internal collection processes. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

The reasons for the rental collection being below the target is rent boycott campaigns from organised tenants' groups demanding ownership, child-headed households, unemployment, and pensioners.

Financial Performance

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2023 resulted in a deficit of R307.1 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

After the mid-year adjustment, the organisation has an allocated capital budget of R399 million funded from CoJ loans and cash reserves. We are still implementing the following programmes:

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

As at 30 June 2023 JOSHCO's verified spent for the quarter under review is 101% against a target of 100%.

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY

The Johannesburg Social Housing Company SOC Ltd (JOSHCO) was established in November 2003 as one of the entities of the City of Johannesburg (COJ) municipality. JOSHCO's mandate is to provide and manage affordable rental housing for the lower income market as an integral part of efforts to eradicate the COJ housing backlog. JOSHCO is a registered Social Housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The core business of JOSHCO includes: the development of social rental housing; refurbishments, upgrading and management of Council-owned rental housing properties (including hostels); housing management and the refurbishment, conversion, and management of inner-city buildings as Social Housing units. As a municipal-owned entity, JOSHCO is required to comply with all relevant legislation (such as the Municipal Finance Management Act; Municipal Systems Act and the Companies Act). The policies and strategy of JOSHCO are strongly influenced by the vision of COJ as outlined in its long-term plans.

SECTION 5: STRATEGIC OBJECTIVES

- 1.1 To become a financially sustainable entity
- 1.2 To contribute towards economic development through SMME support and job creation
- 1.3 To develop social housing projects within transport corridors, Inner-City and greenfield (including suburbs and economic hubs)
- 1.4 To become a customer-centric company
- 1.5 To strengthen governance and compliance
- 1.6 To maintain quality and safe living environment for all JOSHCO tenants

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), Mr Sydney Jacob James, who was appointed by a resolution of the AGM which was held on 01 March 2023 together with ten Non-Executive Directors and three Independent Audit Members (ARC). Table 1 below lists the nine retired Non-Executive Directors, two Executive Directors, three retired Independent Audit Committee members, as well as eleven new Non-Executive Directors and four new Independent Audit Committee members.

Table 1: Board Composition as at 30 June 2023

Member(s)	Capacity	Gender	Status	Qualifications
Mr Sydney James (Board Chairperson) *Appointed on 01 March 2023	Non-Executive Director	M	Active	Programme in Financial Management, Diploma in Business Management, Master of Business Administration.
Mr Simon Clarke *Appointed on 01 March 2023	Non-Executive Director	M	Active	BA degree in Psychology
Ms Yolandi Eramsus *Appointed on 01 March 2023	Non-Executive Director	F	Active	LLB
Mr Simon Masemola *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Commerce, Certificate in Business Accounting

Member(s)	Capacity	Gender	Status	Qualifications
Mr Tabane Manene *Appointed on 01 March 2023	Non-Executive Director	M	Active	Diploma in Local Government, National Diploma in Law, Programme in Customer Service
Mr Andries Smith *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor Of Laws
Ms Marilise Francis *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Arts in Behavioural Sciences
Mr Terry Tselane *Appointed on 01 March 2023	Non-Executive Director	M	Active	Bachelor of Arts in Industrial Sociology
Mr Jacques Watson *Appointed on 01 March 2023	Non-Executive Director	M	Active	BSC in Computer Science
Ms Simphiwe Mnisi *Appointed on 01 March 2023	Non-Executive Director	F	Active	Diploma in Project Management
Ms Jacelyn Scott *Appointed on 01 March 2023	Non-Executive Director	F	Active	National Senior Certificate (Matric) Bcom Management Bcom Honours (Candidate)
Mr Molapane Mothotoana	Executive Director (CEO)	M	Active	N. Diploma Municipal Administration, B Tech. Public Management, M Tech. Public Management
Ms Nontobeko Ndimande	Executive Director (CFO)	F	Active	CA (SA)
Mr Bongani Radebe	Executive Director (Acting CEO)	M	Active	Senior Management Development Programme Postgraduate Diploma in Management(Security) Baccalaures Iuris(B IURIS) MFMA Diploma in Criminal Justice & Forensic Investigations Degree Master of Management

Member(s)	Capacity	Gender	Status	Qualifications
Independent Audit Members				
Ms Geraldine Chaplog *Appointed on 01 March 2023	Independent Audit Committee Member	F	Active	LLB BA PPEL (Philosophy, Political Science, Economics, Law) Diploma Corporate Governance Associate General Accountant (SAICA) ACG/ACIS Associated Chartered Governance/Chartered Secretary
Mr Victor van der Merwe *Appointed on 01 March 2023	Independent Audit Committee Member	M	Active	National Certificate in Insurance
Mr Aboubakr Taoussi *Appointed on 01 March 2023	Independent Audit Committee Member	M	Active	National Diploma
Ms Pilekile Boloto Lefothe *Appointed on 01 March 2023	Independent Audit Committee Member	F	Active	National Senior Certificate

****NB: Eleven new Non-Executive Directors were appointed on 01 March 2023 together with four new Independent Audit Committee members.***

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 30 June 2023

Mr. Masemola	Non-Executive Director (Chairperson)
Mr. J. Watson	Non-Executive Director
Ms. Y. Erasmus	Non-Executive Director
Mr. V. Van Merwe	Independent Audit Committee Member
Mr. A. Taoussi	Independent Audit Committee Member
Ms. G. Louw	Independent Audit Committee Member
Ms. P. Lefothe	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 30 June 2023

Ms. Y. Erasmus	Non-Executive Director (Chairperson)
Ms. J. Scott	Non-Executive Director
Mr. S. Masemola	Non-Executive Director
Mr. A. Smith	Non-Executive Director
Ms. S. Mnisi	Non-Executive Director
Mr. T. Tselane	Non-Executive Director

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

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

- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.
- To draw matters to the attention of the Board as required, and
- To report to the Shareholder at the AGM on matters within its mandate.

1.1.2.3 Development Committee

The Committee consists of the following members:

Development Committee as at 30 June 2023

Mr. S. Clarke	Non-Executive Director (Chairperson)
Mr. M. Tabane	Non-Executive Director
Mr. J. Watson	Non-Executive Director
Ms. M. Francis	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.

1.3 BOARD AND COMMITTEE MEETING ATTENDANCES

The Board held three meetings in Quarter 4 (Q4) of 2022/23 FY (Ordinary Board meeting -14 April 2023, Special Board meeting - 07 June 2023 and Special Board meeting - 29 June 2023). Three Audit and Risk Committee meetings (ARC Committee meeting - 05 April 2023, Special ARC Committee meeting (Risk workshop) - 17 May 2023, and Special ARC Committee meeting - 27 June 2023). One Human Resources, Social and Ethics Committee meeting (Ordinary Human Resources, Social and Ethics Committee meeting- 04 April 2023). One Development Committee meeting (Ordinary Development Committee meeting- 04 April 2023). The table below provides details of the attendance of members at the various meetings.

Table 2: Board Meeting attendances as at 30 June 2023

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	3		
Mr. Molapane Mothotoana (CEO)	0	0	0
Mr. Bongani Radebe (Acting CEO)	3	0	0
Ms. Nontobeko Ndimande (CFO)	3	0	0
Mr. Sydney James	3	0	0
Mr. Simon Masemola	3	0	0
Mr. Simon Clarke	3	0	0
Ms. Marilise Francis	3	0	0
Mr. Tabane Manene	3	0	0
Ms. Yolandi Erasmus	3	0	0
Mr. Terry Tselane	2	0	0
Mr. Andries Smith	3	0	0
Mr. Jacques Watson	3	0	0
Ms. Simphiwe Mnisi	3	0	0
Ms. Jacelyn Scott	3	0	0

Table 3: Board Committee Meetings attendances as at 30 June 2023

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	3			1			1		
Mr. Molapane Mothotoana	0	0	0	0	0	0	0	0	0
Mr. Bongani Radebe (Acting	3	0	0	1	0	0	1	0	0
Ms Nontobeko Ndimande (CFO)	3	0	0	1	0	0	1	0	0
Mr. Sydney James	-	-	-	-	-	-	-	-	-
Mr. Simon Masemola	3	0	0	-	-	-	1	0	0
Mr. Simon Clarke	-	-	-	1	0	0	-	-	-
Ms. Marilise Francis	-	-	-	1	0	0	-	-	-
Mr. Andre Smith	-	-	-	-	-	-	1	0	0
Ms. Jacelyn Scott	-	-	-	-	-	-	1	0	0
Ms. Yolandi Erasmus	3	0	0	-	-	-	1	0	0
Mr. Manene Tabane	-	-	-	1	0	0	-	-	-
Ms. Simphiwe Mnisi	-	-	-	-	-	-	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. Terry Tselane	-	-	-	-	-	-	1	0	0
Mr. Jacques Watson	2	0	0	1	0	0	-	-	-
Mr. Victor Van Der Merwe	3	0	0	-	-	-	-	-	-
Ms. Geraldine Louw	3	0	0	-	-	-	-	-	-
Ms. Pilekile Lefothe	3	0	0	-	-	-	-	-	-
Mr. Aboubakr Taoussi	3	0	0	-	-	-	-	-	-

1.4 REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors, and Independent Audit Committees of 2022/23 FY. Remuneration reflects figures from the beginning of April 2023 to date.

Table 4: Board of Directors Remuneration as at 30 June 2023.

Name	Designation	Remuneration
Mr. Sydney James	Non-Executive Director	R48 000.00
Mr. Simon Masemola	Non-Executive Director	R84 000.00
Mr. Simon Clarke	Non-Executive Director	R46 000.00
Ms. Yolandi Erasmus	Non-Executive Director	R70 000.00
Mr. Terry Tselane	Non-Executive Director	R32 000.00
Ms. Simphiwe Mnisi	Non-Executive Director	R44 000.00
Mr. Andre Smith	Non-Executive Director	R44 000.00
Mr. Jacques Watson	Non-Executive Director	R60 000.00
Mr. Manene Tabane	Non-Executive Director	R44 000.00
Ms. Marilise Francis	Non-Executive Director	R44 000.00
Ms. Jacelyn Scott	Non-Executive Director	R44 000.00
Total		R560 000.00

*Fees include ARC sittings and Group Committee sittings

Table 5: Independent Audit and Risk Committee members' remuneration as at 30 June 2023.

Name	Designation	Remuneration
Mr. Victor Van Der Merwe	Independent Audit Member	R24 000.00
Ms. Pilekile Lefothe	Independent Audit Member	R24 000.00
Ms. Geraldine Louw	Independent Audit Member	R24 000.00
Mr. Aboubakr Taoussi	Independent Audit Member	R24 000.00
Total		R96 000.00

Table 6: Executive Management remuneration for quarter 4.

Name	Designation	Remuneration
Mr. Molapane Mothotoana	Chief Executive Officer	R 537 500, 01
Ms. Nontobeko Ndimande	Chief Financial Officer	R 439 623, 78
Ms. Nokwazi Mtshali	EM: Corporate Services	R 401 949,99
Mr. Themba Mathibe	Chief Operations Officer	R 481 500,00
Mr. Immanuel Burton	Company Secretary	R76,952.95
Total		R 1 937 526,73

1.5 COMPANY SECRETARIAL FUNCTION

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

SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE

Figure 2 reflects the high-level structure of the entity. JOSHCO Core Business comprises two departments, namely Housing Development, which is responsible for construction and development of projects, and Housing Management, which is responsible for property management, tenancing and community development. The remaining departments are support functions such as Finance, Legal, Planning, and Corporate Services.

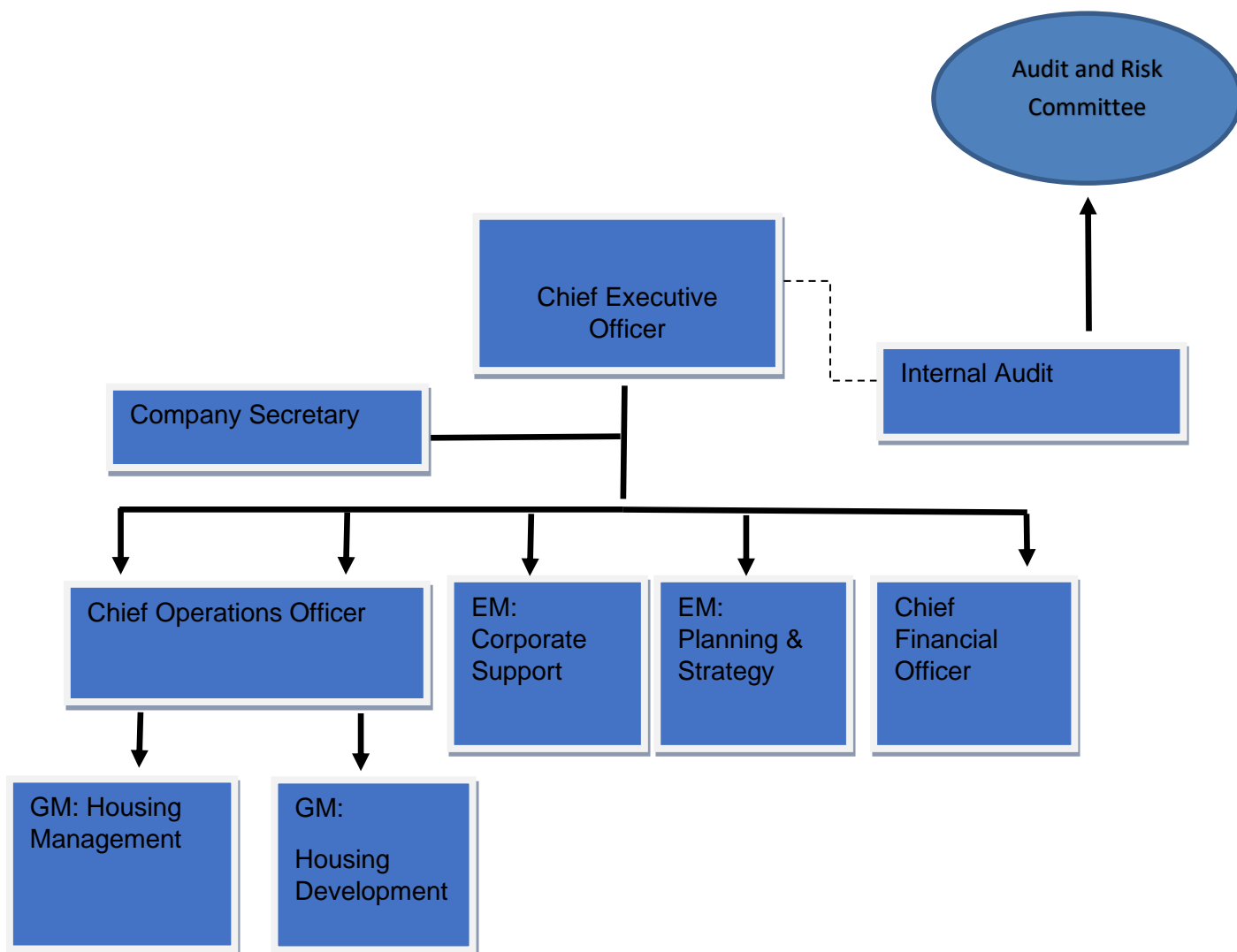


Figure 2: High Level Structure

SECTION 3: RISK MANAGEMENT

The Johannesburg Social Housing Company (JOSHCO) has established and maintains a system of risk management in accordance with Section 95 of the Municipal Finance Management Act, Principle 11 of the King IV report on Corporate Governance, and the City’s Group Risk Management framework and Risk Management Standards as applicable. Internally the entity has a Risk Strategy and Policy which were approved in 2022. Oversight over the governance and management of risk in JOSHCO is carried out by the Audit and Risk Committee 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. The process implementers, which are functional departments, assess the risks and heads of departments as process owners report on the risk results to

the Executive Committee and Audit & Risk Committee. The Audit & Risk Committee Chairperson escalates the assessment results to the Board of Directors and to the Group Risk Committee at the City for oversight. The Audit & Risk Committee’s role is to identify business risks that could potentially have a negative impact on both objectives and the company’s operations and advise the Board on possible mitigating strategies.

3.2 CORPORATE RISK ARCHITECTURE



Figure 3: Risk Architecture

3.3 JOSHCO Residual Risk as at 30 June 2023.

Top 5 Residual Risk Rating

Risk No	Risk Description	Inherent Risk	Residual Rating(Q4)
1	Inability to continue as a going concern.	Very High	Very High
2	Failure to deliver capital projects on time and within budget.	Very High	High
3	Increased Health, Safety and Security incidents in JOSHCO projects	Very High	Very High
4	Business Interruption	Very High	High
5	Minimal/inadequate Stakeholder and Customer Relations Management	Very high	Medium

The above table reflects the top five risks that directly face the core responsibility of the entity. These risks are inherent in nature and threatens the achievement of strategic objectives and a control environment.

3.4 INFORMATION ON EMERGING/ NEW RISKS

An emerging risk for JOSHCO is the City’s financial instability. As the effects of the City’s financial instability continues to worsen, JOSHCO may face challenges with paying invoices of service providers in JOSHCO’s core operations due to a reduced budget that may be allocated. This has a potential of negatively affecting JOSHCO’s service delivery. For example, when service providers are not paid, they are likely to stop working at projects and that will lead to delays in the completion of JOSHCO’s construction projects. This has significant consequences such as Increased project costs, breach of contract, increase in litigations against JOSHCO. Additionally the City’s financial instability may lead to JOSHCO’s current risks of failure to deliver capital projects on time and within budget and Aging and Dilapidation of tenanted buildings risk to materialise.

3.5 STRATEGIC RISK STATUS

3.5.1 Progress in the Implementation of Mitigating Controls as of 30 June 2023

Legend

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

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







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



Table 7: Progress in the Implementation of Mitigation Controls as at 30 June 2023


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
1	Financial Instability	Inability to continue as a going concern.	VH	VH	VH	% Collection in respect of current debt.	<p>1.1 Eviction of Tenants who do not qualify for regularisation and finalise the installation of Biometric system at 15 remaining projects to prevent unauthorised and non-paying tenants in JOSHCO Projects.</p> <p>1.2 Integrate all collection/revenue related functions under Housing Management Department.</p>	<p>1.1 The eviction of tenants who do not qualify for regularisation has resumed and three orders have been executed in Q4. The biometrics systems in the remaining JOSHCO projects were installed in Q4 and there are as follows: Dobsonville ; Kliptown square; Orlando Ekhaya, and Rodepoort- Legae.</p> <p>1.2 All collection/revenue related functions are integrated under Housing Management Department.</p>		9/9
							2. Undertake quarterly portfolio satisfaction survey to determine the tenants' level	2. The quarterly portfolio satisfaction survey to determine the tenants' level		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
							level of satisfaction with JOSHCO service delivery standards	of satisfaction with JOSHCO service delivery standards was done and satisfaction rating is recorded at 60%		
							3. Implementation of SHRA Covid-19 relief fund.	3. No account that has been approved for Covid-19 relief fund by SHRA for the current quarter.		
							4. Quarterly tenant engagement sessions in collaboration with the MMC Office to educate and appeal to tenants to honour their contractual obligations; failure to do so will result in the execution of credit control measures, including eviction of non-paying tenants.	4. Tenant engagement sessions were suspended in Q4 due the formulation of the Tenant Participation Framework.		
							5. Installation of vending solutions in six (6) JOSHCO buildings to manage utility consumption and monthly audit of utility statements. i.e., software monitoring system for water and electricity.	5. Vending solutions were installed in six (6) JOSHCO buildings in November 2022 namely: a) Textile Building b) Phoenix Building c) Rashers Building d) Orlando Ekhaya e) Hoek Street f) Fluerhof and g) Wanderers Street.		

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
							6. Implementation of HIGH-TECH to improve efficiency and revenue enhancement.	6. A panel of service providers was appointed in October 2022 on a three-year contract for the implementation of a billing system.		
							7.1. Appointment of account managers to follow-up on invoices. 7.2 Resolve all issues affecting settlement of outstanding invoices with Human Settlement Department.	7.1 Three new employees were appointed in November 2022 to follow up on invoice. 7.2 Regular meetings have been held with Human Settlement Department and the resolution from those meeting is currently being actioned which include drafting of SLA by the Legal department and submission of outstanding information by Project Manager from Development Management.		
2	None	Failure to deliver capital projects on time and within budget.	H	M	H	Number of social housing units completed	1. Motivate to the City to allow JOSHCO to re-invest SHRA grant into new Social Housing initiatives.	1. A memorandum to motivate to the City to allow JOSHCO to re-invest SHRA grant into new Social Housing initiatives was drafted and submitted to the Group CFO and the City Manager in Q1. The City has approved the SHRA grant to be re-invested into new Social Housing initiatives.		6/6

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
							<p>2.1 Perform due diligence prior to appointments of service providers.</p> <p>2.2 Implement monitoring and evaluation during construction.</p> <p>2.3 Conduct physical risk assessment during construction to identify emerging risks.</p>	<p>2.1 There were no newly appointed service providers in Q4.</p> <p>2.2 Housing Development Project managers are monitoring and evaluating the performance of contractors, during the quarter under review, one contractor was terminated due to non-performance.</p> <p>2.3 Physical risk assessments are done by contractors on an going basis to identify emerging risks during construction.</p>		
							<p>3. Robust engagements with the community and identified groups prior to the commencement of project and during construction. i.e., local SMME's.</p>	<p>3. There were no community engagements done in Q4 due to project stoppages because of non-payment of contractors.</p>		
							<p>4. Physical assessment and verification of compliance with relevant regulations during constructions and provide assessment report to Exco for actioning.</p>	<p>4. Physical assessments and verification of compliance with relevant regulations (NHRBC, CIDB and OHS audit) are done monthly and it is supported by evidence that is submitted to the Project Managers on monthly basis.</p>		



Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
3	None	Failure to implement effective job creation and SMME's support systems.	M	M	H	%of construction capex spent on SMME	Partner with Construction Education and Training Authority (CETA) to train SMME's and improve technical capacity on new projects.	1. SMME training was undertaken during the period under review on Building and Construction.		2/2
							2. Physical assessment and verification of compliance with relevant regulations during constructions and provide assessment report to Exco for actioning.	2. Physical assessments and verification of compliance with relevant regulations (NHRBC, CIDB and OHS audit) are done monthly and it is supported by evidence that is submitted to the Project Managers on monthly basis.		
4	None	Minimal/inadequate Stakeholder and Customer Relations Management	H	M	M	% Customer satisfaction rating Number of complaints resolved in time.	1.1 Development of an integrated stakeholder and customer engagement plan.	1.1 The integrated stakeholder and customer engagement plan was developed in July 2022. Management continues with its implementation		5/5
							1.2 Implementation of the communication plan.	1.2 The communication plan has been continuously implemented through continuous internal communication, notices and infographics on social media platforms and communication of tenant engagements		
							2.1 Quarterly tenants' engagement sessions in	2.1 Tenant engagement sessions were suspended in		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating Q3	Residual Risk Rating Q4	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
							<p>collaboration with the MMC's office per portfolio.</p> <p>2.2 Monthly oversight visit by JOSHCO and the chairperson of the development committee per portfolio.</p> <p>3. Boost the call centre department's capacity by hiring more call centre agents, as well as the Housing Management Department's ability to respond to consumer inquiries within seven days.</p>	<p>Q4 due the formulation of the Tenant Participation Framework.</p> <p>2.2 The Board visited two (2) projects in Q4 namely: a) Lufhereng b) Legae</p> <p>3. The call centre department is now capacitated with 3(three) call centre agents to respond to customer inquiries within seven days.</p>		
5	Increasing Safety and Security Incidents	Increased Health, Safety and Security incidents in JOSHCO projects	M	VH	VH	Number of Health, safety and security incidents.	<p>1.1 Implementation of an open Purchase Order per building with dedicated service providers per building to fast track the maintenance turnaround time.</p> <p>1.2 Formulation of Tenants committees.</p> <p>2. Installation and activation of Biometrics system at entrance to improve access and security to be completed in 15 JOSHCO projects.</p>	<p>1.1 The Portfolio managers have been given authority to approve the dedicated service providers per building to fast track the maintenance turnaround time.</p> <p>1.2 Tenants committees were formulated in July 2022 and being used to better communicate with tenants.</p> <p>2. The biometrics systems in the remaining JOSHCO projects were installed in Q4 and there are as follows: Dobsonville ; Kliptown square;</p>		7/7


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
								Orlando Ekhaya, and Rodepoort- Legae.		
							3. Installation of CCTV cameras that will be linked to Security control room.	3. The service provider has installed CCTV cameras at Devland, Turfontein and Dobsonville in November 2022. CCTV installed at Devland, Turfontein and Dobsonville has not yet been linked, it is envisaged that the control room it will be fully functional in the next financial year.		
							4. Robust monitoring of the Occupational Health and safety action plan implementation.	4 The health and safety plan has been implemented i.e... Site Inspections were done in the following projects in Q4: a) Kliptown Square b) Orlando Ekhaya c) Kliptown Golf coarse d) Orlando west		
							5. Installation of buglers in existing and new projects.	5. The Turfontein project's burglar doors were installed in November 2022.		
							6. Development of Security policy.	6. The Security policy has been developed and approved by the Board in July 2022.		
6	Inability to respond to city	Business Interruption	H	H	H	% Compliance to laws and regulations	1.1 Appointment of Information Security Consultant to do daily	1.1 The monitoring of Information Security is done by the Service provider		6/6



Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
	disasters and business disruptions						<p>ICT security assessment tests and security threat monitoring.</p> <p>1.2. Development of formal security standards for configuration of servers, network, applications and resource constraints.</p> <p>2. Development of Business Continuity management system and Disaster recovery plan.</p> <p>3. Procurement of additional Power Backup System for Head Office Building.</p> <p>4. Establishment of crisis and disaster management committee.</p>	<p>responsible for IT and the reports are regularly monitored by the ICT manager.</p> <p>1.2 Formal security standards for configuration have been finalised and approved by EXCO in Q3.</p> <p>2. Business continuity framework and policy has been developed, it was presented to the Audit and Risk Committee and Approved by the Board in October 2022. The service provider for Disaster recovery plan has been concluded the testing of the disaster recovery plan in January 2023.</p> <p>3. The additional backup power was procured in August 2022 and rolled out with the server room.</p> <p>4. The committee has been established, for crisis and disaster management purposes in Q3.</p>		
							5. Installation of a secondary network	5. The secondary network was installed in May 2023.		



Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
							connectivity for higher availability and redundancy.			
7	None	Inaccurate and unreliable performance information	H	M	M	% Implementation of targeted corrective action against audit finding	<p>1.1 Implementation of the monitoring tool to strengthen quality assurance by Executive Management.</p> <p>1.2 Collection and verification of KPI's on a monthly basis</p> <p>2. Appointment of Manager and Specialist Monitoring and evaluation to perform physical verification.</p>	<p>1.1 EMs are provided with a verification tool that they submit to M & E together with evidence and sign it off with the M & E Officer</p> <p>1.2 The M & E function has commenced with the verification of two KPIs on a monthly basis. This process will gradually improve. The target was to start with the problematic KPIs</p> <p>2. The Manager: Planning & Performance Reporting was appointed on the 1st January 2023. In October 2022, the Monitoring and Evaluation Specialist was hired.</p>		3/3
8	None	Failure to develop, attract and/or retain talent.	H	H	H	% Employee occupancy rate	<p>1. Implementation of the organisational structure and job grading outcomes.</p> <p>2. Bi-annual Sessions to encourage and drive a learning culture in the organisation.</p>	<p>1. Organisational structure was approved on the 14th of July 2022. The entity is currently implementing COJ salary grades.</p> <p>2. Two awareness training were conducted in Q4, which were Leave management awareness and Performance Management awareness in April 2023 and May 2023.</p>		4/4

Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
							<p>3.1 Review of talent management, retention and succession policy.</p> <p>3.2 Quarterly Performance management reviews.</p>	<p>3.1 Recruitment and selection policy, disciplinary code and procedure policy, and talent management, retention and succession policy were reviewed and approved by the Board in October 2022.</p> <p>3.2 The performance reviews are underway, and performance contracting has resumed.</p>		
9	None	Fraud and corruption	M	H	M	% Compliance to laws and regulation	1. Fraud detection review in collaboration with the city.	1. The Risk and Compliance department continuously assess internal policies during Fraud Risk assessment monitoring.		6/6
							2. Implementation of standardised price list for maintenance.	2. The standardised price list for maintenance is being implemented on an ongoing basis.		
							3. Implementation of supplier rotation policy.	3. The SCM Policy reflects the rotation of suppliers; however, the SCM team is currently inviting the suppliers who never received or done with JOSHCO from the panel. A new rotation list will be tabled to ARC and BOARD in Q2.		
							4. EM Housing and Portfolio Manager: Leasing	4. Tenant allocations are signed by the EM: Housing		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
							to sign off tenant allocations	Management and the Portfolio manager: Leasing		
							5. Annual review of tenant management policy and standard operating procedures	5. The tenant management policy and standard operating procedures have been reviewed and approved by the Board in October 2022.		
							6. Installation of fraud awareness posters/signage in JOSHCO projects.	6. The service provider for fraud awareness posters/signage was appointed in July 2022 and completed installation of signages to all JOSHCO's projects		
10	None	Dilapidation of tenanted buildings	M	M	M	% Spent on maintenance budget	1.1 Maintenance work certified and signed off by portfolio managers. 1.2 Implementation of the new comprehensive standardised price list and maintenance model.	1.1 Maintenance work is being certified and signed off by portfolio managers 1.2 The new comprehensive standardised price list and maintenance model are ongoing and being implemented.		5/5
							2. Technical inspection training for Housing supervisors to adequately inspect the work done by contractors.	2. An in-house technical training has been conducted for Housing supervisors on 12 December 2022 to adequately inspect the work done by contractors.		
							3. Installation of CCTV cameras that will be linked to Security control room to	3. The service provider has installed CCTV cameras at, Devland, Turfontein and		


Risk Ref	City Risk	JOSHCO Risk	Residual Risk Rating at 30 June 2022	Residual Risk Rating	Residual Risk Rating	KPI linked to the risk	Action(s) to improve management of risk.	Progress on each action item as at end of the quarter.	Residual Risk Movement	Status
				Q3	Q4					
							monitor possible vandalism and theft or appointment of security supervisors.	Dobsonville in November 2022. CCTV installed at Devland, Turfontein and Dobsonville has not yet been linked, it is envisaged that the control room it will be fully functional in the next financial year.		
							4. Appointment of a service provider to undertake a building condition assessment in order to prepare and optimise maintenance forecasts, as well as optimal budget allocation through risk assessment and prioritisation.	4. The service provider for building condition assessment was appointed in the last financial year and they have done building condition assessment and was submitted the report at the end of September 2022, and the report was used for the mid-term budget adjustment review.		



Table 8: Progress in the Implementation of Operational Risk Mitigation Controls as at 30 June 2023




Risk ref	Risk	Inherent Risk rating at 30 September 2022	Residual Risk rating in Q3	Residual Risk rating in Q4	KPI Linked to the risk	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/ total identified)
Finance SCM									
1	Inability to clear debtor's accounts related to Capital projects.	VH	VH	VH		JOSHCO to Write off debtor's accounts related to Capital projects.	No Progress Action not yet been done it is currently waiting for the financial statements review in Q4		0/1
2	Poor contract management system.	VH	H	M		Development of contract register and SOP to clear segregation of duties between Legal, SCM and Technical departments (End user).	The contract register was developed in Q2, and SOPs are currently being developed across all JOSHCO departments.		1/1
Housing Management									

Risk ref	Risk	Inherent Risk rating at 30 September 2022	Residual Risk rating in Q3	Residual Risk rating in Q4	KPI Linked to the risk	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/ total identified)
3	Inability to implement maintenance program	VH	M	M		<ol style="list-style-type: none"> 1. Appointment of a service provider to undertake a building condition assessment in order to prepare and optimise maintenance forecasts, as well as optimal budget allocation through risk assessment and prioritisation. 2. Approval of the maintenance plan by the COO. 3. Technical inspection training for Housing supervisors to adequately inspect the 	<ol style="list-style-type: none"> 1. The service provider for building condition assessment was appointed in the last financial year and they have done building condition assessment and submitted the report at the end of September 2022, and the report was used for the mid-term budget adjustment review. 2. The maintenance plan was approved by COO in October 2022. 3. An in-house technical training has been conducted for Housing supervisors on 12 December 2022 to adequately inspect the work done by contractors. 		3/3

Risk ref	Risk	Inherent Risk rating at 30 September 2022	Residual Risk rating in Q3	Residual Risk rating in Q4	KPI Linked to the risk	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/ total identified)
						work done by contractors.			
4	Irregular tenants and subletting	VH	H	H		<p>1. Finalise the installation of Biometric system at 9 remaining projects to prevent unauthorised and non-paying tenants in JOSHCO Projects.</p> <p>2. Appointment of service provider for tenant audit.</p>	<p>1. The biometrics systems in the remaining JOSHCO projects were installed in Q4 and there are as follows: Dobsonville ; Kliptown square; Orlando Ekhaya, and Rodepoort- Legae.</p> <p>2. The service provider for tenant audit was appointed in August 2022 and the tenant audit was conducted for the following JOSHCO Project:</p> <ul style="list-style-type: none"> a) Union Square b) City Deep c) Europa House d) Raschers House 		3/3

Risk ref	Risk	Inherent Risk rating at 30 September 2022	Residual Risk rating in Q3	Residual Risk rating in Q4	KPI Linked to the risk	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/ total identified)
						3. Eviction of Tenants who do not qualify for regularisation.	e) Bokamoso Villages f) Textile g) African Diamond h) Hoek street 3. The eviction of tenants who do not qualify for regularisation has resumed and three orders have been executed in Q4.		
Housing Development									
5	Non-compliance to relevant regulatory and policy requirements. (NHBRC, building regulations, OHS	VH	M	M		Project managers to request report to confirm good standing of the contractor in terms of relevant regulations	Project managers receives reports to confirm good standing of the contractor on a monthly basis		1/1

Risk ref	Risk	Inherent Risk rating at 30 September 2022	Residual Risk rating in Q3	Residual Risk rating in Q4	KPI Linked to the risk	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/ total identified)
	Act and CIDB. etc)								
ICT									
6	Loss of Business Data and Information	VH	H	M		1. Implement Network high availability-redundancy 2. Implement Server infrastructure high availability-redundancy 3. Refresh ICT Security infrastructure (Firewalls and network servers)	No Progress 1. The secondary network was installed for high availability redundancy in May 2023. 2. The secondary network was installed for high availability redundancy in May 2023. 3. ICT Security infrastructure are refreshed and monitored on a daily basis.		3/3
7	Unauthorised access to	VH	M	M		Requesting assistance from Finance regarding	The request was made to Finance to assist with the bar coding of new laptops. Bar		1/1

Risk ref	Risk	Inherent Risk rating at 30 September 2022	Residual Risk rating in Q3	Residual Risk rating in Q4	KPI Linked to the risk	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/ total identified)
	company data/information					bar coding of ICT assets.	codes have been installed in all JOSHCO laptops.		
8	inadequate incidents response and no audit trail	VH	H	M		Appointment of first-line support and Incidents Support Technicians.	In the interim, the appointment of two EPWP's to support was made on the 1st of December 2022		1/1
Marketing and communications									
9	Inadequate communication rollout on process and procedures	VH	H	H		Communication and awareness of policies (including emailing, posting of communications policy and other JOSHCO policies in the website and intranet)	Communication and awareness of policies were done for HR in Q4, for: a) Performance Management policy b) Leave Management Policy		1/1
10	Poor customer relations	VH	H	H		1. Conduct a company-wide customer service training.	1. The customer service training has commenced with the customer service staff; they have had two sessions		2/3

Risk ref	Risk	Inherent Risk rating at 30 September 2022	Residual Risk rating in Q3	Residual Risk rating in Q4	KPI Linked to the risk	Action to improve management of risk	Progress on each action item as at end of the quarter	Risk Movement	Status (Mitigations implemented/ total identified)
						<p>2. Development of customer relations strategy which will include the process of consequence management.</p> <p>3. Procurement and implementation of automated Customer Relation Management system.</p>	<p>already in this quarter. Customer Relations is in the process of going out to get a service provider for the entire entity.</p> <p>2. Customer Relations have engaged with interdependent portfolios, however it was developed and approved on the 23 April 2023.</p> <p>3. This system has been procured and installed in Q2, and it was CRM system fully configured and functional as of 01st of February 2023.</p>		

Residual Risk Movement

Below is a summary of the strategic residual risk movement assessed in the fourth quarter of the 2022/23 FY;

Out of 10 risks that were assessed and monitored in Q4, Two (2) risks moved from medium to high due to the risk being out of the set appetite and tolerance level, one (1) risk moved from high to medium due the risk being within the set appetite and tolerance level and seven (7) risks remained same as there were no movements due to no improvements in the rental collections. There were more incident cases reported which included a loss of life and the Increased Health, Safety and Security Incidents in JOSHCO projects risk, however there was a copper cable theft at Head Office which led to the Business Interruption risk. This is an indication that some of the interventions that were identified are not mitigating or improving the management of the risks and this implies that management needs to identify and implement more robust interventions in the new financial year (Refer to the strategic risk register). For improved management of risk, the Risk Champion Committee was augmented with additional members in order to prioritise risk, compliance and also assist with audit findings.

Based on the above, the total percentage of actions implemented to manage the residual risk(s) around the control environment for the quarter is **(53/53) 100%** against year target of **100%**. The Risk Management Department will continue to closely monitor the movement of the risk appetite and tolerance levels in the next financial year.

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

The Board, Committees and management continued to subscribe to Principle 1 of the King IV report on Corporate Governance for South Africa 2016 that states “the governing body should lead ethically and effectively”. The governing body should further continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000. The Risk and Compliance Department conducted fraud awareness in Dobsonville project and through social media. In September the Risk and Compliance Department in partnership with GFIS conducted fraud and corruption sessions in the Supply Chain Management, Finance, Human Resource Management, Housing Management and Housing Development. JOSHCO commemorated the World anti-fraud and corruption day on 09 December 2022 through social media platforms and internal communication.

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

4.1. Fraud Risk Assessment

The Risk and Compliance Department conducted an independent fraud risk assessment/ fraud gap analysis in Q1 as part of fraud detection review in JOSHCO departments. The department monitored mitigation progress in quarter 4. Below is the summary of the Top 5 fraud risks for JOSHCO for the 2022/23 FY:

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

All reported fraud and corruption allegations are investigated through the GFIS unit in the City and reports that indicate progress made on the investigations are provided to JOSHCO quarterly. There are no new cases that were reported in Q4. The following table provide progress provided by GFIS on open cases.

Table 9: Progress provided by GFIS on open cases.

GFIS_no	Date Registered	Allegation	Status
GFIS-19/12/2020	2020/12/08	Alleged fraud and corruption into issuing of flats units at JOSHCO-by-JOSHCO employee.	In Progress
GFIS-14/05/2021	2021/05/14	Alleged fraud and corruption by senior officials collecting money from companies in order for them to be appointed for upgrade and refurbishment of build environment.	Closed: Unfounded
GFIS-27/09/2021	2021/09/20	Fraudsters posing as agents of JOSHCO or convincing the unsuspecting public that they are JOSHCO employees are taking a sum of money from the public in return for what they term as an “application fee.”	In progress
GFIS-12/11/2021	2021/11/02	Moja TV shooting	In progress

GFIS-39/12/2021	2021/12/15	Alleged maladministration with regards to recruitment.	In progress
GFIS-40/01/2022	2022/01/27	Alleged maladministration with regards to recruitment.	In progress
GFIS-5/05/2022	2022/05/04	Alleged corruption, where some entities and individuals are using pseudo names in attempt to commit fraud	In progress
GFIS- 41/08/2022	2022/08/18	Alleged online scam where unknown criminal is impersonating the CEO Johannesburg Social Housing Company (JOSHCO) via email requesting to have their personal WhatsApp numbers of City Officials with subject header Urgent task.	Closed: Undetected
GFIS- 26/09/2022	2022/09/14	Alleged fraud and corruption where there are fraudulent debit orders that are being deducting from JOSHCO Standard bank.	In progress
GFIS- 20/11/2022	2022/11/13	Alleged supply of fraudulent quotations from a contractor.	Closed: Unfounded
GFIS- 10/11/2023	2023/03/07	Alleged fraud and corruption by JOSHCO official relating to the Alex Project.	In Progress
GFIS- 19/11/2024	2023/03/15	Alleged fraud and corruption which is happening at City deep flats. Apparent ever since flats were built done by Steven crew. It goes to R5000 tenant bribery to get apartment, sexual favours by office managers. Fraudulent security company tenders are	In Progress

		given to false security company owners that are controlled to victimize tenants or lie about them until they vacate so flat must be re rented for bribery purposes.	
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SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS

JOSHCO employees' complete declaration of interest forms on an annual basis to ensure that employees are transparent about their business interests outside of the organisation and that any close relatives or associates are identified to avoid conflicts between JOSHCO and the service providers that the Entity will be conducting business with. (100%) of JOSHCO staff have completed and submitted their annual declarations.

SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE

ICT Governance is about ensuring that the organisation's IT systems support and enable the achievement of the organisation's strategies and objectives. It encompasses leadership, organisational structure, business process, standards, and compliance. The Board has adopted the King IV report on Corporate Governance in South Africa (2016) in which Principle 12 of the report states that "the governing body (Board) should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives".

Table 10: Summary of ICT activities for the quarter

No	Item	Action Description	Responsible Person	Due Date	Extended Date	Comments
1	Licenses	EA renewal	LSP, CoJ, JOSHCO, MS	15 May		Renewal discussed held on the 2 nd May
2	Exchange Hybrid	Hybrid setup completed and mailboxes migrated	Tumi/Henry/	3-7 Feb		Completed
3	Intranet	SharePoint DSE to assist with	Tumi/Poova	30 June		Ongoing

		building Intranet				
4	Document Management system	SharePoint Online	Tumi/Poova	30 June		Engineer booked
5	Service Manager	JOSHCO has no internal call log system	Tumi	30 Aug		Engineer to be booked after the renewal as we don't have enough hours
6	Supplier database repository	JOSHCO needs to automate/digitise this process	Nhlamulo/Lunga	30 Aug		Tumi to arrange a scoping call with Dynamics Team to get the requirements.
8	Process Automation	Power Automate	Lunga/ Aaliyah	30 June		Scoping call to be arranged with the Dynamics team
9	Intune	Mobile Devices,	Bollo/ Warren	30 June		Completed
11	Viva	Learning, insights	Welan/Elsabe	30 June		Welan and Elsabe to give JOSHCO team an overview of Viva.

6.1. Business Continuity Process

The Board has approved the Business Impact Analysis (BIA), BIA report, Business Continuity Policy and Framework and Business Continuity Plan in Q2. The service provider for the Disaster Recovery Plan has concluded and the testing of the Disaster Recovery Plan which was done in January 2023. The internal

Audit Department have audited the Business Continuity Management (BCM) process and raised some gaps in the quarter under review. The findings will be attended to and closed in the first quarter of the new financial year including the full testing of the BCM. The BCM has been audited by internal audit and several issues have been brought up for the period under review. All findings raised will be resolved in the first quarter of the new financial year.

6.2. Network Infrastructure

As reported in the Q3 report, the secondary Fibre link for high network availability was installed on the 24th March 2023 and terminates in the server room to supplement the Primary Link. There were delays with the service provider in testing the link, however, the termination device was eventually installed and tested on the 8th May 2023.

Upon rigorous testing, a decision was made to configure the secondary link for load-balancing whereby an equal load of traffic will be balanced out between the Primary Link from MTC and the Secondary Link from iConnect. These two Fibre Links are now used simultaneously, and as of the 11th May 2023, the iConnect Secondary Link is active and providing the required speeds for JOSHCO to operate unhindered and has never experienced network outages to date.

On the 12th May 2023, JOSHCO, alongside DigiCity as the Service Provider and H3C in China as the Original Equipment Manufacturer performed an Emergency Drill Test, the purpose of the test was to conduct Network Reliability and Stability Tests, which had a successful outcome.

6.3. Cyber Security Measures and Awareness

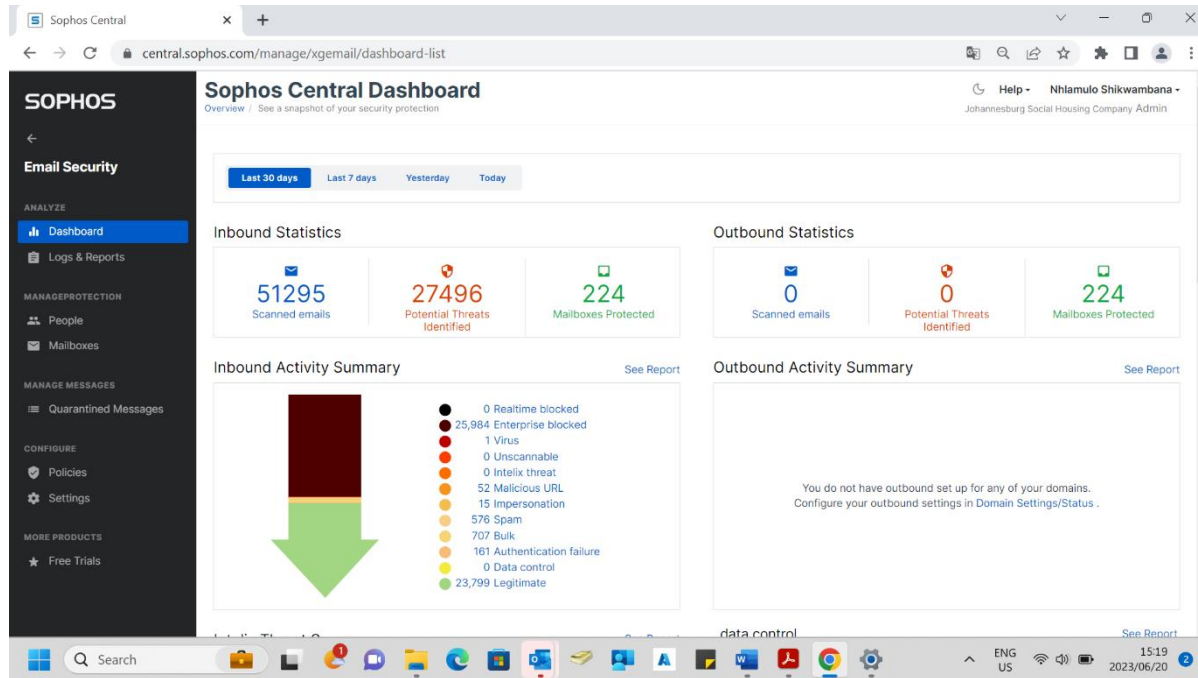
JOSHCO implemented Sophos Email Advanced on the 3rd May 2023 with the sole purpose of providing the Entity with a much-needed email security. The mail flow was successfully tested and since this measure was put into place, a total of 49792 emails were scanned with around 27246 emails identified as threats, and remedial action was applied with those posing a serious risk being blocked.

The organization's 223 mailboxes are protected from the following cyber threats:

- Spam Emails
- Phishing scams
- Malicious URL contained in emails
- Impersonation
- Viruses and Malware
- Denial of Service Attacks

Even though the above measures have been implemented, user awareness is central to ensure complete protection and cybersecurity awareness is still being carried out, and for this quarter, the focus was on ransomware attacks and how to prevent or react during an attack.

6.4. Email Security Dashboard Summary:



6.5. Fibre Rollout in JOSHCO Properties

JOSHCO took an initiative to ensure that all the properties are fibre ready. This will allow the tenants to subscribe to any ISP of their choice so that they have internet connectivity. To fulfil this project, JOSHCO entered into a Service Level Agreement (SLA) with Metropolitan Trading Company (MTC) for the complete fibre build. The reason for using MTC as a service provider for this project is so that the city remains the owner of the fibre infrastructure as opposed to going to the market for other service providers which would have meant that JOSHCO and the City do not own the infrastructure and JOSHCO would have to spend more on buying back the fibre infrastructure as opposed to paying for the fibre build.

To date, Fibre has been installed in five properties: AA House (31 March 2023), Bella Vista (25 May 2023), Citrine Court (25 May 2023), Lufhereng (25 May 2023), and Union Square (26 March 2023) and Roodepoort Tshedzani. The ISPs have been instructed to commence with marketing, sign-ups for subscriptions, and the Last Mile.

6.6. Fibre Roll-out Summary

Projects Installed	Subscriptions
Tshedzani	80 out of 536 users active
AA House	ISPs to go onsite for marketing
Union Square	ISPs to go onsite for marketing
Citrine Court	ISPs to go onsite for marketing
Bella Vista	ISPs to go onsite for marketing
Fleurhof	ISPs to go onsite for marketing
Legae	ISPs to go onsite for marketing

- Linteg Fibre to arrange a day to go onsite for marketing to get more subscriptions .
- Completion Certificates are available upon request.

6.7. Server Infrastructure

Daily health checks are running for the JOSHCO servers, the Hosts are operating at optimum with enough space to run all 16 Virtual Servers and the daily backups have been ongoing with 100% success. All servers are running an up-to-date Anti-Virus, and there are no recorded risks to date.

On 03 May 2023, JOSHCO and the team carried out storage expansion for two physical servers. Enclosures were installed, and the new database was mounted to host machines and there are no recorded issues since the upgrade. A total of 179 Terabytes (TB) of extra space has been added to the environment.

The extra added space in the environment will be beneficial in assisting with the daily backups and replication, the Server performance will increase as the server can now handle more VM's that may need to be added and still distribute their loads effectively helping the environment to run more efficiently, furthermore, this storage upgrade comes with faster memory speed and higher bandwidth which is helping with faster data processing and minimising chances of bottlenecking.

6.8. ICT Server Health Checklist

As part of our server maintenance and monitoring, we run daily server health checks which helps to ensure a proactive response to possible downtime and data loss. This also helps to ensure the smooth and efficient running of our server systems, thus reducing the risk of downtime and data loss.

Table 11: The recent Health checklist is shown in a table below :

Item	Details	Info	RED/Green Tick	Risks
Hosts	Hosts Uptime	Record uptime and analyse	✓	
Hosts	Drives Space	Check space capacity on hosts	✓	Space on the host enough to run vm's no risk at this stage
VMware	Health Status	Check for any errors on the console and investigate	✓	No errors found
Virtual Servers	Uptime	Check for any unexpected restarts	✓	No unexpected restarts.
Virtual Servers	Space	Check space capacity for each server	✓	Severs capacity all still have enough space no risk at this stage
Network	Uptime	Check for any network errors and communication between servers	✓	
Emails	Availability	Check email functionality and errors on exchange	✓	No emails issues, Exchange is online.
Backups status	Daily backups	Highlight success or Failure with remediation action	✓	100% success
VEEAM replication status	Daily replication	Highlight success or Failure with remediation action	✓	100% Success copy to off-site
Logged Tickets	Freshdesk Ticket logging system	Log onto Freshdesk and update any tickets that have been logged, updates are required as per SLA. SLA to be monitored and tracked	✓	
Anti-Virus	On All servers	Check if Antivirus is function and UpToDate	✓	
VMware	On All servers	Check if VMware tools are UpToDate, if not remediation plan of action should be submitted.	✓	All VMWare tools up to date

6.9. Disaster Recovery

JOSHCO performed Disaster Recovery Testing on the 21st of April 2023. The On-premises Domain Controller was tested and successfully failed over to the Disaster Recovery site where all services running on the Domain Controller were tested, the result was successful, and failback was initiated which was also successful.

The On-Premises File Server was also tested, and it was successful. All files were correctly replicated on the Disaster Recovery site. Upon completion of the test, a failback was initiated and was also successful.

The Disaster recovery came in handy when we had a power failure incident on the 29th of May 2023. City Power took two days to resolve the issue, but with the disaster recovery plan we have in place, the team was able to redirect the user's connection to the DR Site for daily operations to continue even though people were working from home, the critical one was Sage since it was month end.

SECTION 7: COMPLIANCE WITH LAWS AND 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 fourth 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 reflects the twenty-eight Acts that were assessed in the fourth quarter. We have seen 22 acts that have reached 100% compliance while 6 Acts are still not at 100% compliance. The Company's Act has reached 100% compliance as the Company Secretary has been appointed after been vacant for over 12 Months. JOSHCO has made significant efforts to ensure that the organisation complies with the Social Housing Act and regulations, in this quarter special attention was given to compliance to remedy our accreditation status with the regulator. While there has been a decline in the compliance, a significant number of those can be remedied in the next financial year. The entity has an action plan that aims to monitor progress in addressing provisions that the entity is still not fully complying on, and this tool is utilised as a constant reminder for Acts owners to implement the recommendations.

The compliance program in the next financial year will focus its efforts on resolving the findings raised by the Auditor General, in relation to compliance with legislation as well as ensuring compliance with the Social Housing Act, as well as its Regulations.

Remedial actions on the legislation that have not reached 100% compliance are provided with progress made by Acts owners in implementation in table 12.

Table 12: Action Plan for the assessed legislation

Act Name	Q1	Q2	Q3	Q4	Comments	Remedial Action	Act Owner	Progress made on	Timeframe
1. Companies Act.	100%	100%	94.4%	100%		1. Appointment of the Company Secretary to be finalised.	Office of the Company Secretary	The Company Secretary has been appointed.	

Act Name	Q1	Q2	Q3	Q4	Comments	Remedial Action	Act Owner	Progress made on	Timeframe
2. Employment Equity Act	100%	100%	71.5%		<ol style="list-style-type: none"> 1. Employment Equity Plan not submitted on required date. 2. Salary disparities still have not been resolved 	2. Table EE plan to the new board for approval and submit to the Dept of Labour	EM: Corporate Services	1. A mediation specialist has been appointed to deal with the MOGALE report of Income differentials. The process is to be finalised at the end of the second Quarter of the new financial year.	31 December 2023

Act Name	Q1	Q2	Q3	Q4	Comments	Remedial Action	Act Owner	Progress made on	Timeframe
3. Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels	100%	100%	76.5%	76.5%	The variance relates to the requirement for senior managers, supply chain manager, and officials to meet competency levels for financial and supply chain management	All Newly appointed executives be enrolled in the program.	EM: Corporate Services	The CEO and EM: corporate Services have been enrolled. The COO to be enrolled in the next Financial Year 1 July 2023 with the University of Pretoria.	31 March 2024

Act Name	Q1	Q2	Q3	Q4	Comments	Remedial Action	Act Owner	Progress made on	Timeframe
4. Municipal Finance Management Act.	100%	76.5%	94.2%	94.2%	The Variances that have been identified relate to the AG's Findings relating to the preparation of the Annual Financial Statement as well as supply-chain Management.	<ol style="list-style-type: none"> 1. Implement web-based Audit Action Plan 2. Establish an internal control checklist for expenditure management. 3. Review compliance Risk Management plan to reflect Audit Findings 	Chief Financial Officer	<ol style="list-style-type: none"> 1. Action Plan developed by Internal Audit. Weekly action plan meetings are held to track progress. 2. The office of the CFO is currently putting together interim Annual financial statements in order to ensure compliance. 3. Internal Audit will conduct a preliminary Audit of the 	31 August 2023

Act Name	Q1	Q2	Q3	Q4	Comments	Remedial Action	Act Owner	Progress made on	Timeframe
5. Protection of Personal Information Act, No. 4 of 2013	76.1%	93.0%	93.0%	93,0%	<p>The variance relates to:</p> <ol style="list-style-type: none"> 1. Written contract between JOSHCO and service providers who process information have not been concluded to, ensure that the Service Provider which processes personal information for JOSCHO establishes and maintains the security measure referred to in Section 19? 2. A personal information Impact assessment has not been conducted. 3. Internal awareness sessions regarding the provisions of the Act, regulations made in terms of the Act, codes of conduct, or information obtained from the Regulator have not been conducted. 	<ol style="list-style-type: none"> 1. Service Level Agreements to be amended to include POPIA obligations. 2. The service provider on site to conduct personal information impact assessment. 3. Internal awareness sessions to be conducted in the next quarter. 4. A Compliance Risk Management Plan to be reviewed to re-assess the risk of non- 	Company Secretary	<ol style="list-style-type: none"> 1. JOSHCO applied to the information regulator to process information for lease applications. All lease applications are on hold pending the approval by the regulator. 2. There's been a significant improvement with respect to POPIA, with a move from 76.1% to 93%. 3. The Company 	30 June 2023

Act Name	Q1	Q2	Q3	Q4	Comments	Remedial Action	Act Owner	Progress made on	Timeframe
6. Rental Housing Act, No. 50 of 1999	96.3%	96.3%	93.3%	93.3%	The variance relates to the subletting of units by tenants without JOSHCO's consent.	<ol style="list-style-type: none"> Occupancy Audit will be conducted quarterly per Portfolio by the appointed service provider. The renewal of leases will also be used to identify subletting cases. JOSHCO, through the Housing Management department has embarked in a process of regularising qualifying tenants in line with approved in line with the Act. The process will 	EM: Housing Management	<ol style="list-style-type: none"> Biometric systems have been installed in all 20 projects. Lease renewals are being conducted across all JOSHCO projects. There is however resistance at several projects. 3 Evictions will be conducted this quarter at Roodepoort. More eviction to follow on non-paying tenants in the 	30 September 2023

Act Name	Q1	Q2	Q3	Q4	Comments	Remedial Action	Act Owner	Progress made on	Timeframe
7. Social Housing Act 16 of 2008 and Social Housing Regulations	87.0%	87.0%	87.0%	87.0%	<p>The Variance relates to:</p> <ol style="list-style-type: none"> JOSHCO's Accreditation has been downgraded by the regulator due to noncompliance on an ongoing basis with the criteria which qualify them for full accreditation. JOSHCO does not comply, with section 14 (2) of the Social Housing Act which states that an SHI must at all times to function in compliance: <ul style="list-style-type: none"> (i) the provisions of this Act; (ii) the national building regulations under the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977); (ii) the technical standards imposed by the National Home Builders Registration Council under the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998); (No 	<ol style="list-style-type: none"> The National Building Regulations and Building Standards Act be included in the Regulatory universe and assessed for compliance. JOSHCO must engage tenants on issues regarding enforcement of lease agreements. 	EM: Housing Management	<ol style="list-style-type: none"> JOSHCO has submitted all accreditation requirements to SHRA for review of its accreditation status. Compliance is regularly monitored by SHRA. JOSHCO re-submitted a report to SHRA responding to all Compliance, Accreditation and Tenant Audit findings. And requested the SHRA 	30 September 2023

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

Total Acts with 100% compliance: 21

Total level of compliance: 96.98% against a target of 95%

SECTION 8: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

JOSHCO is currently attending to the following litigation issues and matters that are still in progress shown in table 13. A total amount of R 6 635 963.79 has been spent on JOSHCO's legal fees on litigation matters thus far. Litigation matters are at different stages as reflected in the table below.

Table: 13 PENDING LITIGATIONS AND POSSIBLE LIABILITIES

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
1.	<p>JEH Properties //JOSHCO</p> <p>- Cancellation of Property Sale Agreement in respect of 195 Commissioner Street.</p>	Dyason Attorneys	<p>Sale of immovable property at no. 195 Commissioner Street, bought for R 6 500 000. The Sale Agreement was signed on the 3rd of April 2014. JOSHCO initially attempted to cancel the Sale Agreement and recover the purchase price following the seller's failure to provide JOSHCO with vacant occupation. JOSHCO then instituted a court process for cancellation, which was later placed on hold after the attorneys advised JOSHCO to proceed with the sale as the full purchase price and transfer costs had been paid. It was however discovered that there was a bond registered over the property. In light of this, JOSHCO's attorneys were instructed to proceed with the initial claim for the purchase price and transfer costs.</p> <p>Progress on civil claim: There has been no response to correspondences issued to the attorneys representing the seller. JOSHCO's attorneys have advised that it is best to proceed with an application for default judgment against both the seller and the conveyancing attorney.</p> <p>Progress on SIU investigation: The SIU advised that matter was reported to the National Prosecuting Authority as the SIU is of the opinion that there is <i>prima facie</i> evidence of criminal activity, and is awaiting the appointment of a prosecutor and SAPS investigator. The individuals identified in the illegal and fraudulent sale of said property to JOSHCO were also linked to another hijacked properties.</p> <p>The SIU has further applied to the Asset Forfeiture Unit of the NPA to seize the above property with the request to have it forfeited to the State as the lawful owners are no longer in the country. Currently the said property is registered in the name of a syndicate member; and the conduct of the transferring conveyancer, who, drafted the Offer to Purchase of the property between JOSHCO and JEH Properties PTY Ltd was reported to the Legal Practice Council of the Northern Province.</p>	The matter is ongoing	<p>Expenditure to date: R36 825.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.</p>

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
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 project. JOSHCO’s reasons for non-payment of the full fees related to non-performance. JOSHCO then instituted a claim against SKN for damages suffered as a result of their non-performance. The matter was referred to arbitration.</p> <p>Progress: A consultation was held with the attorneys on the 12th of June to discuss possible dates for arbitration. The challenge with the matter is that JOSHCO officials that were involved in the matter have since left the employ of JOSHCO. A further consultation is scheduled for the 23rd of June with counsel, to craft a way-forward.</p>	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>
3.	Applications for demolitions in respect of the Dobsonville Social Housing Project.	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	<p>The matter concerns eight properties/illegal structures surrounding JOSHCO’s Dobsonville project, which are encroaching onto the site. Attorneys were appointed to institute court applications for demolitions. One matter was settled with the property-owner, two were opposed and the remaining five were unopposed. Shortly after five demolition orders were obtained in February 2021, the affected property-owners lodged applications for rescission, aimed at reversing the five demolition orders.</p> <p>The applications were unsuccessful. The five demolition orders were executed on the 9th of November 2022.</p> <p>Progress: There are two remaining structures that need to be demolished, and attorneys are in the process of obtaining a quotation from the sheriff for the demolition of one of the structures. The other structure is an opposed matter in which attorneys still need to apply for a court date for hearing.</p>	The matter is ongoing. Five demolition orders were executed on 09 November 2022.	Expenditure to date: R 457 638.79 spent on legal fees.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
4.	Various evictions and recovery of outstanding rental.	Various	<p>The total number of matters handed over for evictions and recovery of arrear rent is 240. While our attorneys endeavour to reach settlement agreements with tenants, this remains a challenge as the payment proposals received from tenants are mostly unreasonable.</p> <p>Progress: There has been a total of 31 eviction orders obtained since inception of eviction applications in 2019. Eleven of these orders were successfully executed at the Roodepoort project on the 4th of July 2023.</p> <p>Further orders will be executed in the next first quarter of the new financial year.</p>	Matters are ongoing.	Expenditure to date: R 4 868 952.25 spent on legal fees.
5.	<p>Esor Construction (Pty) Ltd // JOSHCO</p> <ul style="list-style-type: none"> - Claim for unpaid invoices for work done on the Casa-Mia Project. 	<p>Kgokong Nameng Tumagole Inc. Attorneys</p>	<p>Esor Construction (Pty) Ltd instituted a claim against JOSHCO for work done on the Casa Mia refurbishment project. The claim was for an amount of R 4 019 239.39 (four million and nineteen thousand, two hundred and thirty-nine rands and thirty-nine cents). JOSHCO settled the capital amount in full.</p> <p>Progress: JOSHCO has settled the capital amount as well as legal costs and the matter will be removed from the Litigation Register.</p>	The matter has been finalised.	<p>R 713 216 .85 spent on legal fees.</p> <p>Esor Construction claim paid: R 4 019 239.39</p>
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
6.	<p>Shadow Holdings (Pty) Ltd and 4 others // M-TECH Construction (Pty) Ltd, JOSHCO and 4 others</p> <ul style="list-style-type: none"> - Application for court interdict (Princess Plots Project) 	Padi Attorneys	<p>Interdict application brought by Shadow Holdings (Pty) Ltd and three other companies, against M-Tech Construction, JOSHCO, ENZA Construction, the City and the Department of Human Settlements. The applicants are subcontractors on JOSHCO's Princess Plots project and have applied to court to have the contract between ENZA Construction and M-Tech Construction set aside, alleging that the contract does not comply with the laws of South Africa on BBBEE requirements. They have further applied for an order compelling ENZA Construction and M-Tech Construction to provide information relating to the procurement process that was</p>	The matter is ongoing.	Expenditure to date: R 146 181.25 spent on legal fees.

			<p>followed when ENZA Construction appointed M-Tech Construction as a subcontractor on the project. The applicants have also alleged that JOSHCO and ENZA Construction failed to pay the applicants for work done on the project and have also applied for an interdict to prevent further construction work on the project and further appointments of new subcontractors until the court matter is finalised. Attorneys were appointed to oppose the application.</p> <p>Shortly after filing opposing papers, JOSHCO's attorneys received a notice from the attorneys that were representing Shadow Holdings and the three other applicants, in terms of which they were withdrawing as attorneys of record. There has been no further movement on the matter since then. The matter is not likely to go for hearing however, no formal notice of withdrawal of the matter has been received from the applicants.</p> <p>Progress: There has been no change in the above matter since the last report.</p>		
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
7.	Social Housing Movement and 5 others // JOSHCO and 3 others (New matter in Q3)	ENSafrica	<p>Court application lodged by the Social Housing Movement and various tenants against JOSHCO, Social Housing Regulatory Authority, CoJ Municipality and the Department of Human Settlements (Province). The application seeks to compel JOSHCO to convert leases into rent-to-own agreements, and to further prevent JOSHCO from evicting tenants without obtaining "suitable alternative accommodation". Attorneys have been briefed, and are in the process of opposing the application.</p> <p>Progress: JOSHCO's attorneys have filed opposing papers (answering affidavit) and await a replying affidavit from the applicants if any.</p>	The matter is ongoing.	Expenditure to date: R306 874.06

8.	Tenants of BG Alexandra Flats // Madulammoho Housing Association NPC, JOSHCO and 4 others (New matter in Q3)	ENSAfrica	<p>Court application lodged by tenants of BG Alexandra flats against JOSHCO, Madulammoho Housing Association NPC, JOSHCO and Madulammoho Joint Venture, CoJ Municipality, Social Housing Regulatory Authority and the Provincial Department of Human Settlements. The application seeks to compel JOSHCO and all other respondents to provide the applicants with “RDP houses from any social housing project around the Johannesburg area”, to prohibit JOSHCO and the rest of the respondents from evicting the applicants without providing them with RDP houses, and to further prohibit JOSHCO and other respondents from instituting eviction applications against child-headed units without providing alternative accommodation. Attorneys have been appointed to oppose the matter.</p> <p>Progress: JOSHCO’s attorneys filed a notice of intention to oppose the matter and further requested the attorneys representing the applicants to furnish proof of their mandate. The requested proof has since been received. JOSHCO’s attorneys are in the process of drafting an answering affidavit, which is due for filing on the 3rd of July 2023.</p>	The matter is ongoing	No invoices received in the fourth quarter
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
9.	JOSHCO //QuickProp Systems (Pty) Ltd (New matter in Q3)	Mncedisi Ndlovu & Sedumedi Attorneys	<p>Court application instituted by JOSHCO against QuickProp Systems (Pty) Ltd. QuickProp Systems (Pty) Ltd was appointed by JOSHCO to develop a property management system, enhancement and mobile application solution. The application seeks to review and set aside the appointment, on the basis of misrepresentation by QuickProp Systems (Pty) Ltd in their bid submission for the appointment.</p> <p>Quickprop Systems (Pty) Ltd filed a notice of intention to oppose the application and further need to file an answering affidavit. Once the answering affidavit is received, JOSHCO will need to file a replying affidavit, whereafter, heads of argument’ will be filed in order to secure a court date for hearing.</p>	The matter is ongoing	No invoices received yet on the matter.

10.	Jozi Housing (Pty) Ltd// JOSHCO	Padi Attorneys	This is a new matter in which court papers were received in the month of June. The application was lodged by owners of properties surrounding the Casa Mia building. The application seeks to compel JOSHCO to either ensure that the building is used for its intended purpose, or to evict the unlawful occupiers. This application will be used in support of JOSHCO's eviction application and attorneys are finalising court papers.	The matter is ongoing	No invoices received yet on the matter.
	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	OUTCOME	COST IMPLICATIONS
11.	Property Corner Erf 166 (Pty) Ltd // Thlokomelo Management, JOSHCO and Lowndes Dlamini Inc	Mncedisi, Ndlovu and Sedumedi Attorneys	<p>This is a new matter which relates to JOSHCO's Rivonia Turnkey project. 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. When the developer failed to secure funds to pay for the land, in an attempt to resolve the funding challenge and salvage the project, parties reached agreement for a simultaneous transfer of the property to Thlokomelo, and then to JOSHCO. This arrangement would allow JOSHCO to pay for the land.</p> <p>In its court application, Property Corner Eft 166 (Pty) Ltd seeks an Order declaring that the conveyancer proceed with transfer of the property to Thlokomelo, and to further pay over the purchase amount to Property Corner Eft 166 (Pty) Ltd. The application was necessitated by delays with transfer of the property. JOSHCO's challenge with the application and reasons for opposing it, is that the applicant's "prayer" or request to the court does not include a simultaneous transfer but only seeks to enforce the sale transaction between Thlokomelo and the seller, while JOSHCO has advanced payments to the conveyancers. For this reason, JOSHCO is opposing the application. JOSHCO's argument is that the transaction cannot continue using JOSHCO's funds that are sitting in the conveyancer's trust account, and that the Court must dismiss the application, if not, that the order made by the court, include a simultaneous transfer of the property.</p>	The matter is ongoing	No invoices received yet on the matter.

SECTION 9: INSURANCE CLAIMS AGAINST/TO MOE

The City of Johannesburg has an umbrella insurance cover for all City departments and entities. The insurance covers all City properties inclusive of furniture and fittings which is described as non-motor and motor fleet insurance. Several claims related to property damage of the JOSHCO managed stock have been lodged with Insurer in the 2021/2022 and the current financial year (2023). There was no insurance payout that was processed in Q4.

The following table depicts the insurance claims status as detailed:

Legend

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

Table 14: CLAIMS

Insured Year	ADRS Claim no	Date of Loss	Policy Type Description	Details of incident	Status/Comments	Amounts Paid to JOSHCO
2021	ADRS00006952	29/03/2021	Asset All Risk	Laptop theft	Awaiting proof of forcible and violent entry from claimant	Payment received not
2021	ADRS00007768	02/10/2021	Asset All Risk	Fleurhof hailstorm damage	Awaiting completed claim form and invoice from Ronald	Payment received not
2021	ADRS00007962	24/10/2021	Asset All Risk	Laptop damage	Awaiting proof of forcible and violent entry from claimant	Payment received not

Insured Year	ADRS Claim no	Date of Loss	Policy Type Description	Details of incident	Status/Comments	Amounts Paid to JOSHCO
2021	ADRS00008685	17/12/2021	Third party liability	Third party vehicle damaged by gate – Tshedzani	Awaiting TP approach	Payment received not
2021	ADRS00008771	26/10/2021	Asset All Risk	Stolen Laptop	Awaiting proof of forcible and violent entry from claimant	Payment received not
2022	ADRS00009956	11/08/2022	Employee Practice Liability	Unfair Labour practice – SAMU OBO member	A representative has been appointed.	Payment received not
2022	ADRS00010483	24/10/2022	Third party liability	Summons/Hoek Street	Attorneys are handling the case	Payment received not
2022	ADRS00010451	28/10/2022	Asset All Risk	Laptop damage	Awaiting Claim documents from client	Payment received not
2022	ADRS00010353	23/08/2022	Employee Practice Liability	Request for conciliation	A representative has been appointed.	Payment received not
2022	ADRS00010465	29/09/2022	Third party liability	Letter of demand	Attorneys are handling the case	Payment received not
2022	ADRS00010835	09/12/2022	Asset All Risk	Hail Damage- Fleurhof	Awaiting quotation from client	Payment received not
Total Paid						R0

SECTION 1: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

The following are highlights of the quarter.

- The Minister of Human Settlement, Honourable Mmamoloko Kubayi alongside the MMC for Human Settlements, the Executive of the City of Johannesburg, the Social Housing Regulatory Authority, JOSHCO Board and Executive Management delivered the launch of Lufhereng Social Housing Project and handover of keys to new tenants on the 26th of May 2023.
- The above project will accommodate about 407 families with 24/7 security and biometric access.
- Executive Mayor, Cllr Kabelo Gwamanda and the MMC for Human Settlements, Cllr Anthea Leitch alongside other Executives in the city, and the Board and Executive of JOSHCO delivered the handover of Legae Affordable Rental project on the 23rd of June 2023.
- The implementation of wellness services was rolled out successfully in this quarter.
- Various training programmes were conducted under this quarter as an attempt of closing the skills gap. These programmes ranged from Customer Services Training to an Occupational Health and Safety Refresher Training as means of promoting a conducive working environment.
- The organisation met its employee satisfaction target, with a 72% overall rating.

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 that.

- Formation of the Social Housing Movement within JOSHCO Projects which advocates for ownership of rental units within the Social Housing Space.
- Lack of cooperation from tenants in addressing lease renewals.
- Self-appointed Committees within JOSHCO Projects.

INTERVENTIONS TO MITIGATE CHALLENGES

Stakeholder Engagement: A stakeholder engagement process is being undertaken to regularize all the committee members, which tenants will appoint as per the terms of references provided to them with the view to educate, collect information, and resolve areas of dissatisfaction in order to create a better culture of tenant payment patterns, as well identify tenants who are no longer able to afford staying in JOSHCO Projects.

Key findings from the stakeholder engagement process are as follows:

Unemployment: JOSHCO embarked on a stakeholder engagement with the tenants across JOSHCO projects and many tenants claimed that they are unemployed. JOSHCO requested a list of the unemployed people within projects. The outcome in many projects that were visited was that less than 15% of the tenants were unemployed. The majority had permanent employment which then clearly indicates that 85% of tenants can still honour paying for their rental.

Elderly People Within JOSHCO Properties: There is an ongoing process to assist elderly people within the projects. JOSHCO is working together with the City of Johannesburg Department of Human Settlement to assist the elderly as well as Child Headed Households to channel them to the right program were applicable as recommended by the law.

Customer Satisfaction And Occupancy Survey: Service providers have been appointed to conduct a occupancy and customer satisfaction survey in JOSHCO projects. This is an annual target. However, JOSHCO has decided to roll out the survey on a quarterly basis per portfolio.

Formalisation Of Tenants Committees: JOSHCO stakeholder to embark on the regularization of tenants by calling all the tenants to vote using the ballot system, for their representatives whom will be guided by the Tenant Committee Framework that outlines the constitution of tenants' committee and the admission process.

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

The table below reflects the entity's alignment with the City's priorities. Implementation progress is provided across the report.

Table 15: Strategic Objectives Alignment with City IDP Outcomes and Strategic Priorities

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
<ul style="list-style-type: none"> • Ensure hygienic environment • Access to electricity 	1. A city that gets the basics right	<ul style="list-style-type: none"> • To become a customer-centric company 	<ul style="list-style-type: none"> • Improved quality of JOSHCO project buildings through building conditions assessments, and ongoing maintenance • Achievement of all Service Level Standards, as per Service Delivery Agreement • Prepaid vending solution at projects (6 projects in 2022/23)

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
			<ul style="list-style-type: none"> • Well maintained and clean JOSHCO properties • Alignment with SHRA's requirements, as regulator
<ul style="list-style-type: none"> • Tough on crime 	2. A safe and secure city	<ul style="list-style-type: none"> • To maintain quality and safe living environment for all JOSHCO tenants 	<ul style="list-style-type: none"> • Secured projects that guarantee tenant and JOSHCO staff safety, via: <ul style="list-style-type: none"> ○ Access controls ○ Biometrics and CCTV installations
<ul style="list-style-type: none"> • Sustainable housing • Keeping communities in good health 	3. A caring city	<ul style="list-style-type: none"> • Become a customer-centric company • Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) 	<ul style="list-style-type: none"> • Student accommodation delivered in Regions F and D • Rooftop gardens in all suitable building to increase food security for the tenants and contribute to smart city • Early childhood centres in projects to support child development while building a community
<ul style="list-style-type: none"> • Job Creation and Investment in local economy 	4. A business-friendly city	Contribute towards economic development through Small, Medium and Micro-sized Entity (SMME) support and job creation	<ul style="list-style-type: none"> • Upliftment of communities by providing financial and non-financial support to local SMMEs on construction projects • Skills development and job creation through EPWP program
<ul style="list-style-type: none"> • Reclaim public spaces • Combat illegal immigration 	5. An inclusive city	<ul style="list-style-type: none"> • Develop social housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) 	<ul style="list-style-type: none"> • Large scale delivery of social housing and affordable housing units across the city • Development of student accommodation precinct • Preserved and well-maintained buildings that meet acceptable living conditions

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
		<ul style="list-style-type: none"> • To become a customer-centric company 	
<ul style="list-style-type: none"> • Governance in the interest of people and reduction in corruption • Institutional reconfiguration • Affordable services and tariffs 	<p>6. A well-run city</p>	<ul style="list-style-type: none"> • Become a financially sustainable entity • Strengthen governance and compliance • Become a customer-centric company 	<ul style="list-style-type: none"> • A solvent company by end of 2024/25 FY • Improved revenue collection • Diversification of revenue stream (student accommodation, outdoor advertising, management fee, other mechanisms) • An unqualified Audit Opinion • Sound reputation in terms of payment of suppliers within 30 days <hr/> <ul style="list-style-type: none"> • Effective and efficient business processes • Improved tenant satisfaction, through proactive tenant education and engagement programme • Customer satisfaction targets achieved and improved • Improved visibility of JOSHCO brand <hr/> <ul style="list-style-type: none"> • A high-performance culture – reflected in an engaged, motivated and performance-oriented workforce <hr/> <ul style="list-style-type: none"> • Accurate and reliable performance information <hr/> <ul style="list-style-type: none"> • Good governance and compliance improved, via: <ul style="list-style-type: none"> ○ Fraud prevention plan and strategy, fraud awareness and fraud risk management

Multiparty Government (MPG) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
			<ul style="list-style-type: none"> ○ Comprehensive risk and compliance programme and awareness ○ Robust internal control environment ● Legislative compliance
<ul style="list-style-type: none"> ● Initiatives that transition the City to a smart city 	7. A Smart City	<ul style="list-style-type: none"> ● To maintain quality and safe living environment for all JOSHCO tenants 	<ul style="list-style-type: none"> ● Social housing projects that are smart and environmentally friendly, through design (including alternative energy solutions and rainwater harvesting) ● Smart electricity metering system in all properties ● Rooftop gardens in all suitable building to increase food security for the tenants while contributing to smart city
		<ul style="list-style-type: none"> ● Become a customer-centric company 	<ul style="list-style-type: none"> ● Improved application and leasing processes, supported by fully operational JOSCHO App ● Seamless business continuity supported by effective backup and disaster recovery systems

SECTION 4: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

The relationship between JOSHCO and the City of Johannesburg as a parent municipality and the sole shareholder of the Entity is formalised through various processes and documentation that include the Service Delivery Agreement (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 Service Level Standards. The entity has managed to achieve all seven standards 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.

Below is the entity's performance for the fourth quarter of 2022/23 FY related to the service level standards.

Table 16: Service Level Standard Performance as at 30 June 2023.

Core Service	Service Level Standard Target	April 2023	May 2023	June 2023	Q4	Variance explanation	Mitigations
1. Billing of customers	98% accurate bills of all active customers	99,16%	98,2%	99%	99%	None	None
2. Attending to request for maintainance	96% of maintenance requests attended within 14 days of the logged call	100%	100%	100%	100%	None	None
3. Routine building maintenance	Once per year and as when required	0/0	0/0	0/0	Not due for reporting	None	None
4. Application for rental housing	Outcome of enquiry to be sent to application within 5 days	1 day	2 days	1 day	1 day	None	None
5. Application for rental housing	Outcome of the application communicated	2 days	1 day	2 days	1 days	None	None

	within 10 working days						
6. Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 Hours	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	2 days	1 day	None	None

4.1 PERFORMANCE AGAINST SERVICE STANDARDS (DETAILED)

4.1.1 MAINTENANCE

For the quarter under review, Housing Management has completed a total number of **892 reported unplanned maintenance jobs at the** overall cost of **R9 804 472,83** for quarter four (4). and cost per unit estimated at **R1 102,49** as per the revised new price list and this amount is an indication of the state of JOSHCO projects in general.

Unplanned Maintenance

PORTFOLIO A	PORTFOLIO B	PORTFOLIO C
R2 742 148,36	R 1 119 386,48	5 942 937,99

Total: R9 804 472,83

Planned (Routine) Maintenance

PORTFOLIO A	PORTFOLIO B	PORTFOLIO C
R430 048.64	R 1 211 355,03	R 1 602 045.48

4.1.2 UNPLANNED MAINTENANCE PER PORTFOLIO AND COLLECTION RATE

The properties that are reported in these portfolios are the properties within JOSHCO's books. Housing Management has re-arranged the Portfolios to align to the Board resolution on the 14th of July 2022. There is a proposal to remove City referral stocks from JOSHCO books. The properties that are reported in this report of portfolios are the properties which exclude City Referral stock. Reasons for excluding City Referral stock from this report are covered in a comprehensive report which has been drafted to explain why City referral stock has an adverse effect on JOSHCO's performance.

Table 17: PORTFOLIO A

PORTFOLIO A	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 working Days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
AA House	53	20	7	80	76	3	95,00	87%
African Diamond	1	0	0	1	1	0	100,00	66%
Devland	18	13	46	77	76	1	98,70	83%
Europa House	16	5	8	29	28	1	96,55	76%
Hoek Street	14	1	8	23	22	1	95,65	72%
Raschers	21	7	10	38	38	0	100,00	139%
La rosabel	6	0	6	12	12	0	100,00	43
Textile building	8	4	7	19	18	1	94,74	46%
Union Square	14	26	21	61	59	1	96,72	90%
TOTALS	151	76	113	340	330	8	97,06	78%

Table 18: PORTFOLIO B

PORTFOLIO B	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 working Days			
Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved	Collection
Bellavista Infill	1	2	4	7	7	0	100%	81%
Bellavista Citrine Court	7	0	9	16	16	0	100%	67%
Kliptown Square	19	1	16	36	36	0	100%	25%
Kliptown Golf Course	14	3	9	26	26	0	100%	33%
Phoenix House	4	2	3	9	9	0	100%	72%
Turfontein	10	4	17	31	31	0	100%	70%

Lufhereng Social Housing	0	0	1	1	1	0	100%	53%
Orlando Ekhaya Flats	14	6	28	48	48	0	100%	34%
Orlando Ekhaya Family Units								
TOTAL	69	18	87	174	174	0	100 %	54,4%

Table 19: PORTFOLIO C

PORTFOLIO C	MAINTENANCE CATEGORIES				Turnaround Time: Target: 96% within 14 working Days			
	Property	Plumbing	Electrical	General	TOTAL	Within 14 days	Beyond 14 days	% Achieved
Dobsonville	43	8	28	79	78	1	98,7	44%
Fleurhof Junction	47	15	49	112	110	2	98,2	57%
Fleurhof Riverside	20	10	8	38	38	0	100	79%
Pennyville communal	11	0	9	20	20	0	100	46%
Pennyville Flats	15	2	11	28	26	2	92,86	
Roodepoort	57	16	19	93	91	2	97,85	51%
TOTAL	193	51	124	370	363	7	98,11	55,4%

- The overall JOSHCO portfolio collection rate is at 61%
- Plumbing work is **413** which equates to 90,1% of the total work done for quarter 4
- Electrical work is **145** which equates to 90,1 % of the total work done for quarter 4
- General repairs is **324** which equates to 99,9 % of the total work done for quarter 4

4.1.3 PLANNED (PROACTIVE) MAINTENANCE

The is a short-term maintenance plan that is usually developed post budget approval and we identify critical projects where we do a major upgrade. In this quarter the following planned maintenance initiatives were undertaken based on the available budget:

Turffontein – there was an installation of security burglar doors and windows

Dobsonville – there is a mold challenge in all the units was addressed and there was an installation of airbricks. The DStv connection line that was promised to the tenants at inception was rectified and encroachments that was on the projects were addressed and a new boundary wall was erected, and this will assist in finalizing the outstanding Occupation Certificate matter.

4.2 CUSTOMER CARE UNIT AND FACILITIES MANAGEMENT

The Customer Service Unit currently comprises two subsections:

- *Call Centre*
- *Facilities Management*

The table below details the queries administered by the call Centre over the quarter.

Table 20: Queries Administered

Department	April	May	June	4 th Quarter Totals
Housing Leasing	79	148	54	281
Housing Other	52	38	39	129
Marketing And Comms	0	0	0	0
Legal	0	0	0	0
Revenue	1	1	0	2
Supply Chain	5	5	0	10
Development	0	0	0	0
Health & Safety	0	0	0	0
Finance	0	0	0	0
Community Development	0	0	0	0
Maintenance	1	0	1	2
HR	4	18	20	42
Customer Relations	4	3		7
Total Email Queries	146	213	114	473
WhatsApp	20 825	18 602	7 946	47 373

Hello Peter	0	0	0	0
Total Queries	20 971	18 815	8 060	47 846

Email Queries:

Most email queries are responded to within the 5-day SLS turnaround time. Over the past quarter, we have received a total of 473 emailed queries/ complaints.

Referred matters:

- A. On receipt of an email there is an immediate response sent out by means of an automated email that acknowledges receipt of the query/ complaint.
- B. A call centre agent then addresses the specific query/ complaint within an average 24 hours in most cases unless it is a weekend, public holiday or the system is offline.
- C. Only when the Call centre agent is unable to resolve the matter directly, is it referred to the relevant department.
 - Matters which are referred to the departments for resolution are sent to various people at different stages until it is resolved, i.e., it started with either the credit control/ housing supervisor and is escalated daily until it is resolved. The last point of referral at JOSHCO is the CEO.
 - The department is reminded daily to respond to the query.

4.2.1. Telephonic Queries

Telephonic				
Month	April Calls	May calls	June calls	4th Quarter Total
Answered/ Serviced	10 721	10 927	8 575	30 223

4.2.2. Telephonic Queries Analysis

Like the previous quarter, the bulk of the queries emanated from the Leasing Department. This was due to the opening of the Lufhereng and Legae housing projects. Clients had queries regarding the progress status of the projects.

4.2.3. Reports of Fraud and Corruption

Allegations of fraud and corruption have decreased this quarter, as JOSHCO continuously alerts the public about scams through awareness campaigns.

SECTION 5. ANALYSIS OF OCCUPANCY LEVELS PER PROJECT RESIDENCIAL TENANCY

The table below shows a full analysis of the occupancy levels and the occupancy levels against the SHRA required target of 98%. The core function of Housing Management department is to ensure that vacancies within the buildings are well managed and allocated within time.

Table 21: OCCUPANCY LEVELS PER PROJECT

Project Name	Units No.	Occupancy	Occupancy
AA House	252	251	99,60%
African Diamond	61	52	85,24%
Antea	409	358	87,53%
Bellavista Infill	36	34	94,44%
Bothlabela	521	520	99,80%
Chelsea	80	76	95%
Citrine Court	79	75	94,93%
City Deep New	329	325	99%
City Deep Oldr	425	414	97,64%
Devland	255	252	98,82%
Dobsonville	502	499	99,40%
Diepkloof	148	145	97,97%
Europa House	167	164	98,20%
Fleurhof Ph. 1	452	443	98,00%
Fleurhof Ph. 2	252	250	99,20%
Hoek Street	265	260	98,11%
Jabulani	54	54	100%
Klipspruit (Beds)	54	54	100%
Kliptown Golf C	936	929	99,25%
Kliptown Square	478	475	99,37%
La Rosabel	50	49	98,00%
MBV	188	185	98,40%
Orlando Ekhaya 2	190	185	97,36%
Orlando Ekhaya 1	102	100	98,03%
Orlando West	44	44	100%
Pennyville (Flats)	198	191	96,46%
Pennyville Rooms	564	563	99,82%
Phoenix House	135	133	98,51%
Rashers' Building	95	95	100,00%
Roodepoort	432	430	99,54%
Selby Rooms	19	19	100%
Selby Units	256	253	98,82%
Textile Building	162	151	93,20%
Turffontein	525	524	99,80%
Union Square	341	341	100,00%
TOTAL	9056	8893	98,20

5.2 COMMERCIAL TENANCY

Table 22: Commercial Occupancy

RENTABLE COMMERCIAL SPACES	OCCUPANCY	VACANCY
53	46	7
ETERNA NETWORK SPACES		
2	0	2
OUTDOOR ADVERTISING		
Phoenix	2	0
AA house	1	0
Randburg	1	0
Union Square	1	0
61 Juta Street	1	0
DAYCARE CENTRES		
Antea	1	0
Bohlabela Alex	1	0

5.3 NEW PROPERTY APPLICATIONS AND LEASE RENEWAL

5.3.1 NEW PROPERTY APPLICATIONS

Lufhereng Progress Report 407 Units	
Total Pre-Screened	8848
Approved	236
Declined	443
Tenant moved in	175

Legae Progress Report 92 Units	
Total Pre-Screened	7070
Applications taken	226
Approved	42
Declined	103

5.3.2 LEASE RENEWALS PROGRAMME

LEASE RENEWAL PROGRAMME	
Inner-city Projects	1062
Greenfield Projects	1105
Total Renewed Leases	2167

SECTION 6. JOB CREATION AND SMME EXPENDITURE

The table below reflects the expenditure on SMMEs from projects where construction activities were implemented during the second quarter. The amounts captured under Capex spent on construction are based on construction invoices and therefore exclude professional fees, statutory fees, and other fees not directly related to construction activities.

Table 23: Projects that contributed to the KPI: SMME Expenditure

NO.	PROJECT NAME	TOTAL CONSTRUCTION EXPENDITURE	SMME EXPENDITURE	% SPENT
1	Nancefield Social Housing Project	R19 902 907,89	R604 514,12	3%
2	Devland	R6 619 051,70	R1 008 040,02	15%
3	Riverside	R0,00	R202 078,00	
4	Princess Plots	R1 836 537,17	R790 069,38	43%
6	106 Claim Street	R0,00	R420 000,00	
5	City Deep	R330 531,39	R87 197,68	26%
TOTALS		R28 689 028,15	R3 111 899,20	11%

Eleven percent SMME expenditure has been achieved to date. June SMME expenditure has not yet been captured as yet.

Expanded Public Works Program (EPWP)

The EPWP is a strategic government programme to alleviate unemployment and increase economic growth. It is also assisted with skills development and training. The total number of jobs created this quarter is **168** jobs resulting in a cumulative number of **970** jobs for the year.

EPWP opportunities were created for workers that provide services of administration, cleaning, and gardening at the following projects;

Table 24: EPWP participants for the quarter

EPWP PARTICIPANTS					
	Services	April	May	June	Total
Head Office					
Leasing – Head Office	Administrators	0	0	16	16
Leasing – Inner-city Projects	Administrators	0	0	01	01
IT	Administrators	01	0	03	04
HR	Administrators	03	0	0	03
Business Strategy	Officer	0	0	02	02

Marketing	Administrators	02	0	01	03
Monitoring & Evaluation	Administrators	0	0	04	04
Supply Chain	Administrators	07	05	0	12
Company Secretary	Cleaning	0	0	01	01
Risk & Compliance	Administrator	0	0	02	02
Stakeholder	Administrator	01	0	0	01
Operations	Administrator	0	01	0	01
Finance	Administrator	02	01	29	32
Total Jobs		16	07	59	82

PROJECTS

General Property Services - Cleaning and Gardening

EPWP PARTICIPANTS					
	Services	April	May	June	Total
Total Jobs		26	28	31	86

Business Process Improvement Programme

JOSHCO is undertaking a Business Process Improvement Programme (BIP) aimed at improving the organisational core performance indicators. Through the re-engineering process, the programme uses methodologies to analyse JOSHCO procedures to identify areas where JOSHCO can improve accuracy, effectiveness and/or efficiency and then redesign those processes to realise the improvements.

The approach to the re-engineering process is being undertaken in three distinct phases, namely:

- **Process Discovery** – what are the value chain streams and sub processes delivering value to the customer,
- **Understanding the Current State** – what is the current state and performance levels of these value streams and processes and an analysis to understand what the issues are, and
- **Define the Future State** – design new processes to optimise current resources and systems to improve efficiency.

During the fourth quarter the BIP team focused on the mapping out of optimised “To-Be” future state. This entailed the review of existing processes and the creating of enhanced processes for greater efficiency and efficacy.

These business units were completed in Quarter 4 namely: Customer Services ,Marketing & Communications , Human Resources, Learning & Development, Information & Communications Technology, Portfolio Management, Community Development ,Monitor & Evaluation, Risk and Compliance.

Digital transformation is essential in moving towards an optimised business environment and replacing manual, paper-driven processes with optimised digital IT-system driven processes. Having identified the root cause of several pain points the BIP team endeavoured to develop system solutions where processes were dependant on manual systems. These solutions include the use of system automation and information technology solutions that are part Microsoft Office365 and Microsoft Power Platform. Several Apps have been developed and implemented during the current quarter: including an ICT Inventory Management system, Mobile Device Management system, Pool Car Bookings system, and Digital Attendance Register. These systems output digital documentation and allow for the use of electronic signatures. The BIP team provided staff with training to encourage greater use of Microsoft productivity tools such as Planner, Lists, Approvals, Teams, and SharePoint. SharePoint is primarily sold as an electronic document management and storage system which over time will steer JOSHCO to a greater paper-less environment where possible. With the integration of Business Intelligence tools into these processes the creation of dashboard and other reporting instruments will allow managers in future to better monitor their Department's performance and allow for appropriate, timeous decision making.

Process Re-engineering Action Plan

Department / Business Unit	As-Is Process	To-Be Process
Business Planning	ü	ü
Community Development	ü	ü
Company Secretary Office	ü	
HR / Payroll	ü	ü
Customer Services	ü	ü
Finance	ü	
Housing Development	ü	
ICT	ü	ü
Leasing	ü	ü
Legal	ü	
Maintenance	ü	ü
Marketing & Communications	ü	ü
Monitoring & Evaluation	ü	ü
Portfolio Management	ü	ü
Revenue	ü	ü
Risk Management	ü	ü
Security	ü	ü
Special Projects	ü	
Stakeholder Management	ü	ü
Supply Chain Management	ü	ü

SECTION 7: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organization's 2022–2023 FY business plan includes 27 key performance indicators and targets. 26 KPIs are due for reporting during this quarter of which 18 have been achieved. This translates to a performance of 69% achievement for the quarter under review, which is an increase from the 30 % reported for Q4 of 21/22 FY.

Performance Targets	Targets
Total Annual Targets	27
Applicable targets in Q4	26
Targets achieved	18
Targets not achieved	8
Not due for reporting	1

Legend:

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

Table 25: Performance against Predetermined Objectives as at 30 June 2023

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
Financial Stability	Current Ratio	Current ratio 1:1	1:1	0.67	-0.33	Target Not Achieved
	Solvency Ratio	Solvency Ratio 1:1	1:1	0.69	-0.31	<p>The failure to meet this goal was caused by ongoing losses, which were mostly brought on by high provisions for bad debts and high operational expenses, particularly utility expenditures. The entity's income is insufficient to pay its costs of operation. As a result, COJ is relied upon to provide subsidies to compensate losses.</p> <ul style="list-style-type: none"> ○ Increase in management fee income earned on projects implemented on behalf of other COJ entities – this strategy is derailed due to halting of work on behalf of the Department of Human Settlements because of the high outstanding balance due to the entity. During the 4th quarter of 2023 work to be performed on behalf of CoJ Department of Transport to undertake projects on their behalf has commenced. Proposal of an increase in the management fee charge from up to 7% to up to 10% from the 2023/24 financial year. ○ Outdoor advertising – adverts are placed on our structures and the entity continues to add more adverts. <p>Strategies to reduce expenditure are as follows:</p> <ul style="list-style-type: none"> ○ Staff costs: Overtime management by line managers and management intervention in their departments to reduce leave balances by ensuring their subordinates take mandatory leave.

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
	Cost coverage Ratio	50 days cost coverage	50 days	-380 days	-450 days	<p>Target Not Achieved</p> <ul style="list-style-type: none"> Non-performance is due to low cash balances and an overdraft due to settlement of suppliers prior to receiving claims from the departments we are executing projects on behalf. The Department of Human Settlements and JOSCHO are constantly in engagements over the debt owed the department to the entity. The matter of the outstanding balance with Human Settlements is being resolved by the ED, COO, CFO and project managers from both the department and entity. Regular engagements are on-going with CoJ departments to follow up on outstanding invoices. Finance department working with the office of the COO's office to ensure timeous submission of invoices to departments we are executing projects on behalf.
	Remuneration to OPEX expenditure	Remuneration to Opex expenditure of less than 40%	Remuneration to Opex expenditure of less than 40%	28%	+12%	Target Achieved
	% Collection in respect of current debtors	80% collection in respect of current debtors	80%	60%*	-20%	<p>Target Not Achieved</p> <p>The rental collection is low due to:</p> <ul style="list-style-type: none"> Low rental collection across all projects. JOSCHO previously did not distinguish between City Owned

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
						<p>stock and SHRA funded stock. From the City Owned stock that JOSHCO is managing on behalf of housing it has former staff hostels, temporary emergency accommodation and COVID 19 displacement accommodation. The dynamics of this stock affects our collection levels.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> ○ The process to handover the all the City Owned Public Stock from JOSCHO's books back to COJ Human Settlements is on-going. ○ To improve on collection, the JOSHCO Executive Committee has taken a decision to streamline all property management functions under the Housing Management department. The process is finalized through the organizational design process. ○ The company uses the services of a debt collecting companies to collect debt over 90 days and above R10 000. ○ The entity has a joint partnership with Kazang Connect (Easy Pay Money Market) for a Cashless pay solution which brings a quick easy and convenient way to pay

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
						<p>JOSHCO rentals and it comes with a single device to pay bills , buy online , get entertainment and transfer money.</p> <ul style="list-style-type: none"> ○ We will implement a mandatory non-reversible debit check as from 1st Quarter of 2023/24 FY, and this will be a prerequisite for all new leases and be a condition that the final approval of lease application will be subject to the tenants acceptance and approval of the debit check, suspension thereof by the tenant will be deemed as a breach of lease contract and 30 days' notice to vacate will be issued immediately. ○ A tenant engagement programme is currently being implemented to deal with all tenant matters to encourage rent payment. Details of initiatives are also explained in previous sections of this report
	% Spent on operating budget against approved operating budget	100% Spent on operating budget against approved operating budget	100%	202%	+102%	<p>Target Achieved</p> <ul style="list-style-type: none"> ○ Utilities – Prepaid meters are being rolled out in projects. A flat rate for water will be charged while the water meters are being sourced and installed. ○ Staff costs: Overtime management by line managers and management intervention in their departments to reduce leave balances by ensuring their subordinates take mandatory leave.

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
						All employees are now on ESS where leave will be automatically forfeited if not taken.
	% Reduction in unauthorized, irregular fruitless and (UIFW) expenditure incurred	50%	10%	74%	-24%	Internal audit has completed investigations for R126.4 million (77%) which have been presented to Board and are currently at MPAC for processing and recommendation to Council for condonation.
Job creation	Number of jobs created for the unemployed through EPWP programmes	700 Jobs	700 jobs created	970	+270	Target Achieved
Economic Development	% Of construction capex spent on SMME	30% of construction capex spent on SMMEs	30% of construction capex spent on SMMEs	37%	+7%	Target Achieved
	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of	100% of valid invoices paid within 30 days of	51%	-49%	The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 30 June 2023, only 51% of valid invoices were paid within 30 days. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments weekly.

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
		invoice receipt	invoice receipt			
Social Housing Development	No. of social housing units development	521 social housing units developed	521 social housing units developed	555 Units	+34	Target Achieved 555 Units 213 Princess Plots 180 Nancefield 162 Devland
	No. of social housing units completed	895 social housing units completed	895 social housing units completed	936 Units	+41	Target Achieved 936 Units Abel 155 Durban Street 102 Lufhereng 407 Roodepoort 92 Riverside 180
	%CAPEX budget spent	100% CAPEX budget spent	100% CAPEX budget spent	101%	+1%	Target Achieved
Property management	% Occupancy rate	98% occupancy rate	98% occupancy rate	98.2%	+0,2	Target Achieved
	Number of properties received major maintenance upgrade	2 properties received major maintenance upgrade	2 Properties	3 property	+1	Target Not Achieved
	Number of properties installed with prepaid	3 Properties	3 Properties	3 properties		Target Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
	electricity meters					
	Number of properties installed with WIFI	4 Properties	4 Properties	6 Properties	+2	Target Achieved
Safe and Security	Number of reported incidents per project per quarter	Less than 3 reported incidents per project per quarter	Less than 3 reported incidents per project	5 incidents reported in a quarter in five projects.		Target Not Achieved 5 incidents reported in a quarter in five projects.
Adherence to Corporate Governance Principles	Unqualified audit opinion	Unqualified audit opinion	-			Pending 2022/23 audit opinion
	% Compliance to laws and regulation	95% compliance to laws and regulation	95%	96.98%	+1.2%	Target Achieved
	% Implementation of the strategic risk management action plan	100% Implementation of the strategic risk management	100%	100%	-	Target Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
		nt action plan				
Corporate governance	% Resolution of internal audit findings	100% resolution of Internal Audit findings	100% resolution of Internal Audit findings	98%	-2%	Target Not Achieved
	% Resolution of AG audit findings	100% resolution of Internal Audit findings	100% resolution of Internal Audit findings	75%	-25%	Target Not Achieved
Customer Centric	% Employee vacancy rate	5% employee vacancy rate	5% employee vacancy rate	12.1%	7.1%	Reason: Moratorium placed on vacancies The moratorium placed end of December 2022, which was uplifted on 5th April 2023 has affected the pace of recruitment. As a mitigation action, the organisation is in the process of recruiting for critical roles and those which were placed on hold, to achieve optimum performance. Furthermore, in the interim, critical roles are capacitated through acting.
	% Employee satisfaction rating	70% employee satisfaction rating	70% employee satisfaction rating	72%	+2%	Target Achieved.
	% Customer satisfaction rating	50% Customer satisfaction rating	50% Customer satisfaction rating	54.3%	+4.3%	Target Achieved

Key Performance Area	Key Performance Indicator	Annual Target 2022/23	Q4 Target	Q4 Actual	Variance	Reasons for under achievement and remedial Action
	% Achievement of service standards	100% Achievement of service standards	100% Achievement of service standards	100%		Target Achieved

Please note that all ratios are pending finalization of year-end transactions to be submitted 31 August for audit.

SECTION 8: CAPITAL PROJECTS PERFORMANCE

Our capital projects are divided into 2 programmes: **Innercity** and **Green-fields** programmes 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 Joint Building Contracts Committee (JBCC) of the project. It should be noted that, depending on the outcome of Extension of Time claims submitted by main Contractors, the dates may be amended if the claim is awarded with or without cost, depending on the incident the main Contractor is claiming against. The adjudication of whether to award extension of time claim (with or without cost) is concluded by independent Project Managers or Review Consultants working with Quantity Surveyors and recommendations are made to JOSHCO.

Complete project with Occupation Certificate: the project has been constructed and complete in compliance with the provisions of the National Building Regulations Act 103 of 1977 as amended. There are four occupation certificates received for the projects and we are preparing project closeout reports and final accounts.

Developed units without services: these are units that have been developed for the intended purpose, but do not have some services. The units completed at this stage are not yet ready for occupation but are Work in Progress (WIP) reflecting Capital Expenditure. In terms of Quarter 3 the KPI is not due for reporting, but continuous progress is reported.

8.1 STATE OF CAPITAL INNER CITY PROGRAMME

106 CLAIM STREET

April 2023

The previous contractor has been terminated due to non-performance. Project is on tender, for a contractor to complete the Works.

May 2023

The previous contractor has been terminated due to non-performance. Project is on tender, for a contractor to complete the Works.

June 2023

The previous contractor has been terminated due to non-performance. Project is on tender, for a contractor to complete the Works. The new contractor is expected to start beginning of the next financial year.

ABEL ROAD CONVERSION PHASE 2

Area or location: Abel Road, Inner City Johannesburg

No units expected 2022/2023: 155-units phase 2.

Budget allocated this FY: R0.

Monitoring Tool	April	May	June
Capex Expenditure	0	0	0
SMME Expenditure	0	0	0
Project Progress	99%	99%	100%
EPWP	0	0	0

Comments on Project Performance:

April 2023

All COCs including fire compliance were achieved.

May 2023

Request has been submitted for Occupational Certificate inspection. The building inspector has highlighted town planning errors on the building plans that need to be rectified. This is currently being rectified.

June 2023

Errors in the Building Plans has been rectified, and the building plans have been approved. Occupation Certificate to be issued end of June 2023.

8.2 PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

NANCEFIELD SOCIAL HOUSING PROJECT

Start date: 4 May 2021 Completion date: 31 March 2023

Area or location: Nancefield, Klipspruit, Soweto

No units expected 2022/2023: 372

Budget allocated this FY: R74 750 000

Monitoring Tool	April 2023	May 2023	June 2023
Capex Expenditure	R	R26 336 064,88	0
SMME Expenditure	R 203 262,50	R 401 251,62	R 0,00
Project Progress	75%	75%	76%
EPWP	0	0	5

Comments on Project Performance:

April 2023

The project was stopped in November 2022 when the client and the professional team were owed over R47m. The site remains closed. The Client, Professional Team and the contractor had a meeting where the Client promised that he would have paid all the outstanding amount by end of April 2023. It was agreed that the contractor should start re-mobilisation for them to go back on site by end of April 2023. The contractor commended regrouping so that he could restart construction works on site. The JOSHCO representative on the project met the professional team and the contractor to discuss in detail the programme effects of suspension and agreed the following on the assumption that all payments would be made by end of April 2023:

- That the contractor had four months to complete the project before he suspended works.
- That contractor would require three weeks to remobilize
- That works would commence on 26 April 2023
- That the contractor would require five months to complete the works
- That works would be completed by end of October 2023.

By the end of the month of April 2023, R15m was still outstanding. Works were not therefore formally restarted.

May 2023

Works still suspended but contractor had informally started some trades such as brickwork and plastering.

JOSHCO was able to finally pay up outstanding payments on Friday 12 May 2023. Site works were resumed. The contractor is engaging the professional team with a view of agreeing extension of time application submissions so that additional time can be granted. The professional team submitted invoices for professional fees for R5,033m.

June 2023

The Nancefield Social Housing development is regaining momentum that was lost as a result of suspension due to nonpayment of invoices. To date thirteen SMME firms have been re-engaged and are now working on site.

Variations for both the contractor and the professional team were submitted and provisionally approved.

The works are at 75% of completion. There are 180 units which have achieved milestone, or which are weather-proofed. This includes the 50 units previously reported.

Works to the main sewer line remain suspended as the Community is not allowing the work to proceed through their informal settlement. This non connection of the sewer line means that the site still needs the conservancy tank for use by Johannesburg Water offices next to the site. The works are not going to be fully completed in the current contractor has the projected works value is much higher than the 20% allowable threshold on variations. An exercise is under way to repackage outstanding works for procurement of a finishing contractor to execute work which cannot be accommodated in the current varied purchase order.

Start date 1 November 2019 & Anticipated Completion date: 31 July 2023

Area or location: Princess Ext 22, Roodepoort

No units expected 2022/2023: 333 Units.

Budget allocated this FY: R 51 555 000,00

Monitoring Tool	April	May	June
Capex Expenditure	0	R 2 660 474,21	R 344 432,34
SMME Expenditure	R 375 104,01	R 414 965,37	R 0,00

Project Progress	85%	87%	92%
EPWP	0	0	0

Comments on Project Performance:

April 2023

Project stopped due to non-payment. Notification to suspend work was received on the 21 October 2022, and the suspension continued as of 21 November 2022.

On the 22 March 2023 outstanding payment was made. In due course, on the 28 March 2023 instruction to proceed and re-establish site was issued to the Contractor to return to site within 14 working days.

The contractor recommenced on the 17 April 2023 and a site assessment was conducted for remedial work due to storm damage and site clearance was done. Local SMME's and EPWP workers were called back to site, but due to the stand still, they have taken on other work and are currently completing contracts and will return to their previous contracts at Princess Plots.

Extension of time claim was received from the Contractor on the 03 May 2023 and the Professional Team is currently in the process of accessing the Claim.

Detailed Program has been received from the Contractor, thus Estimated Practical Completion to be July 2023.

May 2023

Site in Progress Construction has completed assessments on Storm damage, electrical infrastructure and road structure. Remedial Construction has recommenced and is in progress.

June 2023

The Contractor is on site; and anticipated to be completed in Q1 of the next Financial Year.

GOLDEN HIGHWAY SOCIAL HOUSING PROJECT

Start date: 14 November 2022 & Planned Completion date 12 May 2023

Area or location: Golden Highway, Devland, Soweto

No units expected 2022/2023: 162 units.

Budget allocated this FY: R 28 142 000,00

Monitoring Tool	April	May	June
Capex Expenditure	R 3 828 596,05	R 13 953 789,27	0
SMME Expenditure	R 512 983,46	R 495 056,56	0
Project Progress	70%	76%	83%
EPWP	0	0	0

Comments on Project Performance:

April 2023

Contractor is on site; project is progressing well.

May 2023

Contractor is on site; project is progressing well.

June 2023

Contractor is on site; project is at 83% complete.

RIVERSIDE VIEW SOCIAL HOUSING

Start: 24 March 2022 & Completion date: 7 December for 1st 180 units, the balance TBC

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

No units expected 2022/2023: 180 Units.

Budget allocated this FY: R 50 000 000,00

Monitoring Tool	April	May	June
Capex Expenditure	R0	R0	R0
SMME Expenditure	R 73 002,00	R 65 596,00	R 63 480,00
Project Progress	R0	R0	R0
EPWP	R0	R0	R0

Comments on Project Performance:

April 2023

First 180 Units completed. Waiting for additional budget to proceed with next phase.

May 2023

First 180 Units completed. Waiting for additional budget to proceed with next phase.

June 2023

First 180 Units completed. Next phase to start in the new financial year.

NEDERBERG STUDENT ACCOMODATION**April 2023**

The Contractor that was appointed for waterproofing and boiler installation has completed their Scope of Works. A new contractor will be appointed to do the retrofitting in accordance with the NSFAS spec. The tender will be out in May 2023.

May 2023

A new contractor will be appointed to finalize the certificate of compliance and the retrofitting and refurbish in accordance with the NSFAS spec. A tender went out this month, there was a tender briefing on the 4th of this month as well and the appointment is likely to happen this month.

June 2023

A new contractor was supposed to be appointed this month, however there was a technical issue with the tender documents that were submitted to SCM. This resulted in the tender being readvertised and a new panel of contractors bidding for the project. The closing date for the tender is the 19th June 2023.

8.3 PROJECTS IN PLANNING STAGE

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

MARLBORO SOCIAL HOUSING

April 2023

A proposal for an Alternative Building Technology is being put forward. A land Surveyor to be appointed to establish the remainder of the site and in order to determine the density on site.

May 2023

Due to the current financial constraints the City is facing, the appointment of the project is put on hold.

June 2023

The appointment of the professional team is currently put on hold until the new financial year.

RANDBURG SELKIRK

April 2023

JRA had further comments on the previously submitted reports for stormwater and the Traffic Impact Assessment. The engineers had to submit revised reports were then submitted on the 24 and 28 April respectively. Johannesburg Water also made comments on the development proposal, the engineers and town planner submitted the requested information to Joburg Water.

May 2023

The Power of Attorney for the withdrawal was previously approved and signed by JPC to allow the registration of the newly consolidated and re-subdivided erven. Once the newly created erven have been registered, the rezoning application will be submitted for the increase in density.

June 2023

Notice to terminate contractor has been served to Contractor due to Force Majeure, relating to outstanding statutory approvals.

Due to the bottlenecks experienced in obtaining the Statutory approvals necessary for commencing Construction on Site, JOSHCO has served the Contractor with a Notice of Termination. The Termination is served as per Clause 29.20.2 of the JBCC contract: ***“Progress has ceased for a continuous period of ninety (90) as a result of “exercise of statutory power by a body of state or public or local authority that directly affects the execution of the Works”.***

In an addition to this, the anticipated Cost overruns on the project also make it unfeasible to continue with the current Contractor for the tendered amount. These additional costs include the Sewer upgrade required by Joburg water for them to endorse our rezoning application and the escalation on the Contract.

RIVONIA EDENBURG TURNKEY

April 2023

Rezoning application submission for 692 units is currently pending, awaiting the power of attorney from the property owner.

May 2023

Rezoning application submission for 692 units is currently pending, awaiting the power of attorney from the property owner.

June 2023

The Developer is breach of Contract for refusing to Transfer land to JOHCO following JOSHO paying the Purchase of the Land into the Conveyancing attorney's trust account. JOSHCO has written to the Conveyancing attorneys and Developer of our intention to interdict the Transfer of the Land to Developer. Further to this, the Seller has file a motion for the release of the funds in the Trust account, which the JOSHCO legal team is defending.

The Developer is also in breach for non-performance; relating to failure to obtain town planning approvals, failure to complete stage 3 designs and failure to execute Works on site.

Notices of Termination have been compiled and routed to the CEOs office to issuance upon signing.

JEPPESTOWN

April 2023

Revised Stage 3 designs have been presented to JOSHCO.

May 2023

The professional team and JOSHCO had a meeting with the objectors to resolve the matter, the objections had been formally withdrawn.

June 2023

The professional team needs to submit the Geotechnical studies. The anticipated date for Traffic Impact Assessment is end of June 2023.

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

April 2023

The professional team is currently finalising the site analysis and survey report, and the report was submitted by the end of April 2023.

May 2023

The detailed feasibility study is currently being conducted by the consultants, the anticipated date for finalisation of the study is end of May.

June 2023

Feasibility study concluded; Team has proceeded to concept Development.

8.4 UNITS DELIVERED: WORKS IN PROGRESS (COMPLETE WITHOUT SERVICES)

Table 26: Projects that contribute to the KPI: Work in Progress (WIP)

PROJECT NAME	BUSINESS PLAN APPROVED UNITS	UNITS DELIVERED (ACC @ Q3)	ANNUAL TARGET AND VERIFICATION.
Devland Golden highway	87	162	Professional progress report. team
Nancefield	90	50	Professional progress report team
Casa Mia	50	0	Professional progress report team
Randburg	34	0	Professional progress report team
Jeppestown Turnkey	90	0	Professional progress report team
Edenburg/ Rivonia Turnkey	70	0	Professional progress report team
Riverside Turnkey	100	0	Professional progress report team
Nederberg	0		Professional progress report team

Princess Plots	0	213	
TOTAL	521	555	Professional team progress report

Progress on KPI:

JOSHCO has overachieved on this KPI, the following projects were delivered under this KPI

Total: 555 Units

213- Princess Plots

180- Nancefield

162 -Devland

8.5 UNITS DELIVERED: COMPLETE (WITH PC AND OC CERTIFICATES)

Table 27: Projects that contributed to the KPI: Complete units

PROJECT NAME	BUSINESS PLAN APPROVED UNITS	UNITS DELIVERED (ACC @ Q3)	ANNUAL VERIFICATION.	TARGET
106 Claim Street	0	0	Completion Certificate & Occupation Certificate	
Princess plots	333	0	Completion Certificate & Occupation Certificate	
Abel road phase 2	155	155	Completion Certificate & Occupation Certificate	
Abel road phase 1	0	0	Completion Certificate & Occupation Certificate	
Lufhereng projects	407	407	Completion Certificate & Occupation Certificate	

Roodepoort	0	92	Completion Certificate & Occupation Certificate
50 Durban Street	0	102	Completion Certificate & Occupation Certificate
Riverside	0	180	Completion Certificate & Occupation Certificate
Nederberg	0	0	Completion Certificate & Occupation Certificate
TOTAL	895	936	Completion Certificate & Occupation Certificate

Progress on KPI:

936 Units have been completed this Financial year

- Abel -155
- Durban Street-102
- Lufhereng- 407
- Roodepoort- 92
- Riverside- 180

8.6 COMPLETED PROJECTS

The following projects under implementation have been completed this financial year.

- 50 Durban Steet 102 units
- Lufhereng 407 units
- Roodepoort 92 units
- Riverside 180 units
- JOSHCO HQ (office)
- Abel Street (Phase 2) 155 units

8.7 PROJECT OCCUPATION CERTIFICATES (OC) PROGRAMME

There are a number of SHRA funded projects that are tenanted without Occupation Certificates. This programme aims at remedying this non-compliance.

Progress:

City Deep: The Contractor has been appointed to attend to the outstanding works for OC compliance.

Dobsonville: The Sewer Contractor has been appointed, and site handover. The works will be completed in September 2023. The two properties encroaching on our property are yet to be demolished. JOSHCO has been granted a demolition order for one property that is currently being processed by the sheriff's office. The demolition order application for the other property is in process.

Turffontein: It should be noted that the Occupation Certificates 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 was submitted; however, we are currently finalizing the registration of Erven 195 and 196 Haddon Extension, prior to the approval of the consolidation application.

8.8. NEW DEVELOPMENTS

New Opportunities ahead: JOSHCO has gone out to the Market to procure new Land parcels and building for development. Expression of Interest was for the Purchase of Land/buildings and Turnkey Proposals aligned to SHRA requirements.

Feasibility studies: In the coming financial year, the Department will be conducting feasibility studies for new projects in these areas Wesbury/Bosmont, and Marlboro to increase our footprint.



SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration costs, including the executives as summarised in the table below.

Table 28: Personnel Cost by Occupational Level as at 30 June 2023:

Note: The salary costs below include costs for all permanent, Fixed Term employees and excludes Board fees.

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
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Top Management (CEO, CFO, COO)	3	1 388 511,51	4%	462 837,17
Executive Managers	1	340 635,51	1%	340 635,51
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	28	5 526 257,65	17,60%	197 366,34
Skilled, Tech & Academically Qual (H-Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint. Worker and Admin)	104	7 179 352,63	23%	69 032,24
Semi-Skilled (Driver, Receptionist, Call Center Agents)	7	275 363,55	1%	39 337,65
Internship	6	2 731 864,42	9%	455 310,74
Unskilled (Security Officers and Cleaners)	349	9 424 380,39	30%	27 003,96
EPWP	249	4 538 400,00	14%	18 226,51
Total	747	31 404 765,66	86%	42 041,19

SECTION 2: KEY VACANCIES

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

Table 29: Acting Appointments

Designation	Current – Acting Role	From	Comments
Chief Operations Officer (Joburg Market secondment)	Chief Executive Officer	01 April 2023 to 16 September 2023	Acting because of suspension
Executive Manager: Corporate Services	Executive Manager: Business Planning and Strategy	01 April 2023 to 30 June 2023	Acting due to resignation
Accountant	Financial Manager	01 March 2023 to 26 May 2023	Acting because position is vacant
Compliance Specialist	Company Secretary	01 April 2023 to 04 June 2023	Acting because position is vacant

Property Supervisor	Portfolio Manager	17 November 2022 to 30 April 2023	Acting because position is vacant
HR Officer	HR Manager	01 April 2023 to 14 June 2023.	Acting because position is vacant
Project Manager	Programme Manager: Implementation	01 January 2023 to 30 April 2023	Acting because position is vacant
Quantity Supervisor	Programme Manager: Planning	01 April 2023 to 30 April 2023	Acting because position is vacant
Project Supervisor	Special Projects: Manager	01 April 2023 to 30 April 2023	Acting because position is vacant
Portfolio Manager	General Manager: Housing Management	01 April 2023 to 30 June 2023	Acting because of suspension
EUC Technician	End User Server Support Specialist	01 April 2023 to 30 June 2023	Acting because position is vacant
EUC Technician	End User Server Support Specialist	01 April 2023 to 30 June 2023	Acting because position is vacant

Table 30: Finalised Appointments

Position	Vacancies	New Position/ Replacement	Status
Senior Internal Auditor	1	Replacement	Finalised
Project Officer	1	Replacement	Finalised
Finance Manager	1	Replacement	Finalised
Company Secretary	1	Replacement	Finalised
Financial Accountant	1	Replacement	Finalised
Human Resources Manager: Administration and Employee Relations	1	Replacement	Finalised
Total	6		

Table 31: Recruitment in progress

Position	Vacancies	New Position/ Replacement	Status
Applications Administrator	4	New Positions	On hold
General Manager: Housing Management	1	Replacement	Offer Stage
Quality Assurance Officer	1	New Position	Offer Stage
Executive Assistant: Chief Operations Officer	1	New Position	Offer Stage
Risk Specialist	1	New Position	Offer Stage

Monitoring and Evaluation Officer	1	Replacement	Offer Stage
Compliance Officer	1	Replacement	Offer Stage
Program Manager: Planning	1	Replacement	Interview Stage
Security Supervisor	2	Replacement	Interview Stage
Office Attendant	2	Replacement	Withdrawn
Administrator: Stakeholders Relations	1	New Position	Interview Stage
HR Officer: Payroll	1	Replacement	Shortlisting Stage
Executive Manager: Business Planning and Strategy	1	Replacement	Advert Stage
Legal Officer: Construction	1	Replacement	Shortlisting Stage
Marketing Officer	1	New position	Advert Stage
Internal Audit Manager	1	New Position	Advert Stage
Program Manager: Special Projects	2	New Position	Advert Stage
Total	23		

SECTION 3: EMPLOYMENT EQUITY

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

3.1 Employee Equity and Skills Development (EE/SD) Meeting

- The EE/SD committee meeting was scheduled for 22 June 2023, however it could not proceed due to the attendees not forming a quorum. A new date will be communicated.
- The revision of the EE plan as per the advice from City Core is still under review. However, this will change following the amendments of the Employment Equity Act as authorised by the National President in 2022.

3.2 Reporting

- The quarterly monitoring report as required by the City of Johannesburg was submitted reflecting our EE status and movement.

3.3 EE Profile

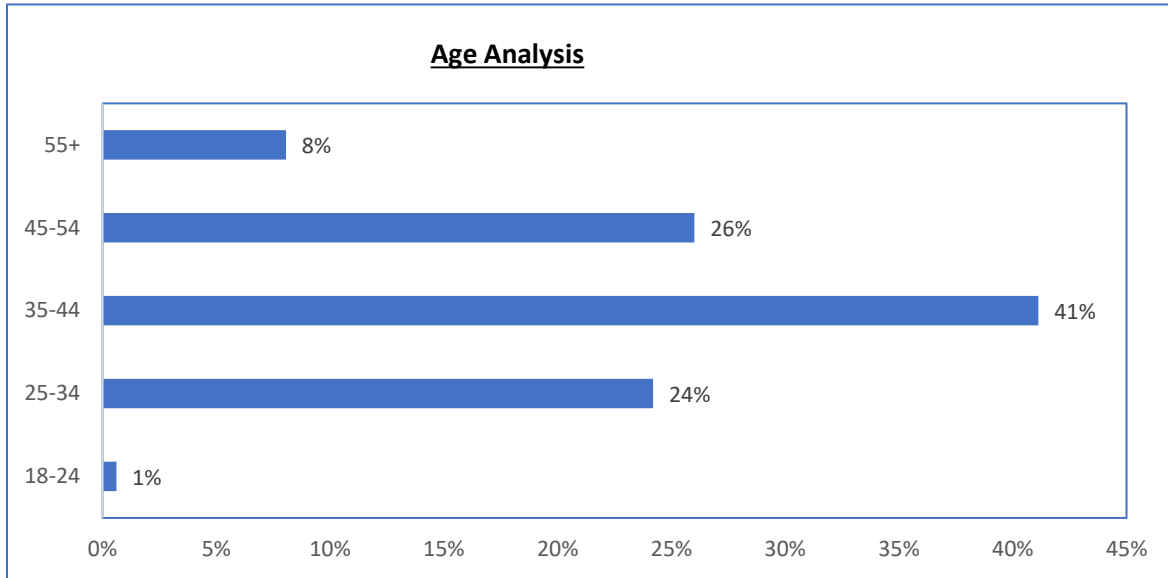
The table below reflects the EE profile of the organisation. Like the previous quarter, the EE target is 10 staff members, 5 females and 5 male profiles from both the skilled and unskilled staff. The racial profile is highly skewed towards black people as defined in the Act.

Table 32: Employee Equity numbers

Employment Equity Profile													
Occupational Level	Male				Female				Foreign Nat		Local		Grand Total
	A	C	W	I	A	C	I	W	M	F	M	F	
Top Management	2	0	0	0	1	0	0	0	0	0	2	1	3
Senior (Exec) Management	0	0	0	0	1	0	0	0	0	0	0	1	1
Professionally Qualified/middle Management	15	1	2	0	13	0	1	0	1	1	17	13	32
Skilled Technically and Academically Qualified	47	3	0	0	52	3	1	1	0	0	50	57	107
Semi-Skilled	2	0	0	0	1	0	0	0	0	0	2	1	3
Unskilled	157	2	0	0	188	3	0	0	0	0	159	191	350
Grand Total	223	6	2	0	256	6	2	1	1	1	230	264	496

3.4 AGE PROFILE

Graph 1: Employee Age Profile



25% of our workforce is classified as youth and this is in line with our strategy to reduce the unemployment rate of the youth. A majority of JOSHCO employees are aged between 35-44 years.

Table 33: Terminations in the quarter

Department	Reason	End Date
Business Planning and Strategy	Resignation	31 May 2023
Finance	Resignation	26 May 2023
Office of the CEO (Internal Audit)	Contract Expiry (X4)	30 April 2023
Office of the CEO (Internal Audit)	Resignation	30 June 2023
Total: 7		

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

8.1 Bursaries for 2022/2023 (Quarter 4)

- Not due for the reporting period in question

8.2 Training Interventions

The following trainings were held for the reporting period:

- A Skills Development Facilitator Programme was rolled out for an HR Official.
- English for Professional Development Programme was rolled out for an administrative employee.
- SAP Training Programme was undertaken by an HR Official.
- Tax for Accounting Training was facilitated for Finance employees.
- Occupational Health & Safety Refresher Training was conducted for various employees.
- Customer Services Training was conducted for employees who engage with clients regularly.

Comment:

The Annual Training Report and the Workplace Skills Plan Report were submitted in line with legislation.

SECTION 5: PERFORMANCE MANAGEMENT

Table 34: Performance Management

Department	Performance Agreements Submitted
Office of the CEO (Exec's, Internal Audit, Legal, & Cosec)	14
Office of the COO (Housing Management, Housing Development, Stakeholder Management, ICT)	66
Business Planning & Strategy	6
Finance (Revenue, SCM & Finance Core)	10
Corporate Services (HR, Comm's, CC)	17
Total	113

Comments:

Despite the initiative of Performance Management Information Sessions, the signing of performance scorecards remains a challenge. To further alleviate this challenge, the Performance Management Policy will be communicated to educate employees in the upcoming financial year.

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

The aim of this section is to provide the status of disciplinary hearing(s), grievance’s, investigations, appeal, and suspension. It should be noted that resources were sourced to assist with presiding over the matters, however due to various reasons the matters could not proceed as scheduled. The Entity is in the process of acquiring a service provider to capacitate JOSHCO Management in presiding and presenting disciplinary matters.

Disciplinary Matters as at 30 June 2023

We currently have 12 remaining disciplinary matters outstanding.

Table 35: Disciplinary outcomes

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

Grievances Matters as at 30 June 2023:

We had eleven (11) grievances and two (2) are finalised, therefore nine (9) are still in progress.

Matters at Bargaining Council/ CCMA:

- We had one referral to the CCMA, and the award was in favour of JOSHCO.
- JOSHCO had four referrals, and one was against JOSHCO; however, the employer has since applied for the review at labour court.

SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

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

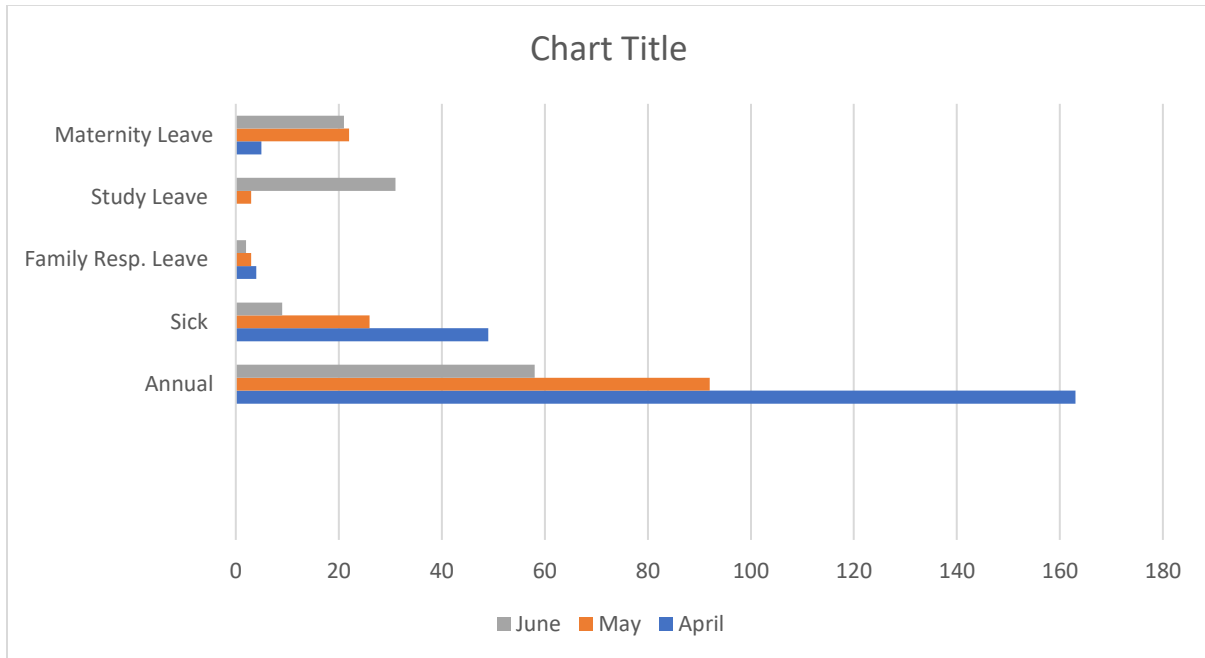
Table 36: Leave taken analysis

Type of Leave	April	May	June	Total Leave days Taken
Annual	163	92	58	313
Sick	49	26	9	84
Family Resp. Leave	4	3	2	9
Study Leave	0	3	31	34
Maternity Leave	5	22	21	48
Total	221	146	121	488

Comments:

- Communication pertaining to Leave is continually communicated through internal communication to employees.
- In comparison to the 3rd quarter, there has been a significant decrease in annual leave taken, and an increase in sick leave. JOSHCO is committed to the promotion of employee well-being through wellness services open to all staff members.

Graph 2: Leave Analysis



SECTION 8: OVERTIME MANAGEMENT

JOSHCO is committed to complying with the Basic Conditions of Employment Act, hence the need for a written organisational policy on overtime to guide and regulate the compensation of overtime. Whilst Human Resources department is undergoing the review of the overtime policy, compliance is ensured by implementing the measures below;

- Written authorisation has been provided for in advance for the work;
- The employee has agreed to such overtime;
- The monthly compensation for overtime shall constitute less than 30% of the employee's monthly salary.

However, with the recent communication from the City Manager regarding cost containment on overtime and other line items, the entity will be implementing stringent measures on the overtime and acting allowance requests in order to try and bring these costs down.

SECTION 9: EMPLOYEE WELLNESS

The roll out of ICAS services to the employees commenced in this quarter. An ICAS Launch for management engagement was communicated as a means of instilling management with remedial information on how to aid workplace health related stressors (e.g., abuse of sick leave, absenteeism, management referral processes). The launch took place on 28th June 2023. All employees are eligible to utilise ICAS services. The services of ICAS utilised by employees in the quarter have been as follows:

- Employee Assistance Programme in the form of individual counselling sessions (telephonic and physical).

SECTION 10: EMPLOYEE BENEFITS

10.1 Retirement Fund

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

10.2 Medical Aid Scheme

- All permanent employees are eligible for a medical aid subsidy. Insourced employees (security officers and cleaners) have an option to either opt in or out of the benefit. The Employer Contribution is 60% up to a maximum of R5007.07 and the Employee Contribution is 40% depending on the number of dependents.

10.3 Locomotive allowance

- Depending on the nature of their job specifications, some employees are eligible for travel allowance.

10.4 Housing allowance

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

SECTION 11: OCCUPATIONAL HEALTH AND SAFETY REPORT

The purpose of this section is to reflect that JOSHCO complies with all the applicable legislation and, where appropriate, implements additional measures to ensure health and safety at Head Office and Projects, and to update the committees and JOSHCO Management on the progress made on Project Health & Safety.

Table 37: JOSHCO staff incidents (COVID-19 Cases)

Total number of staff members tested for Covid -19 in Q4	Total covid -19 positive cases	Total active cases	Total fatalities	Total direct contacts sent for testing	Total Staff Vaccinated
0	0	0	0	0	0
In Quarter 4, zero (0) new Covid-19 cases have been recorded thus far, with zero (0) recoveries, zero (0) fatality rate, and no direct contacts were referred for Covid -19 testing. zero (0) staff members have been vaccinated for Covid-19.					

Table 38: JOSHCO Injury on Duty (IOD) and Fire incidents

Total Fire incidents	Total IOD's (Injuries on duty)	Total First aid incidents	Facility Incidents	Total fatality incidents
0	1	1	1	0
In Quarter 4, zero (0) fire incident have been recorded, one (1) IOD, one (1) first aid incident, one (1) facility incident and zero (0) fatality cases have been reported thus far.				

- On 04 April 2023 at approximately 16h00, Ms. N. Reynolds was walking into the reception area and she tripped on the mat, fell and twisted her right ankle (IOD).

- On 04 May 2023 at approximately 22h00 a truck collided with a taxi at the intersection next to Tshedzani phases 1 and 4. The truck bumped and damaged both the wall and fiber portal (Facility incident).
- On 19 June 2023 at approximately 08h00, Ms. Gomolemo Ntshabele accidentally cut herself with a file edge and sustained a minor laceration on her right ring finger (First Aid incident).

11.1 Health and Safety Training

- In conjunction with the health and safety training schedule, 14 candidates were trained as Health and Safety Representatives in Q4. 30 First Aiders will be trained in July 2023.

11.2 Health and safety Measures

- Health and Safety Induction was presented to a total of 53 members of EPWP from various offices:
Revenue 04, Maintenance 06, Supply Chain 05, Community Development 6, ICT 02, HR 03, Leasing 10, Marketing and Communications 03, Monitoring and Evaluation 03, Security 01, Finance 04, Customer Service 03, Internal Auditing 01, and Company Secretary 02.

11.3 Site visits and inspections

- Inspection reports were compiled and forwarded to Housing Management to implement corrective action of the findings for the visited projects as per inspection schedule: Jabulani, Devland, Kliptown Square, Golf Course, Klipspruit, Orlando West, Orlando Ekhaya, Diepkloof, Skhosana. The following findings were observed.
 - Building conditions were not safe for occupation at the Diepkloof hostel. Electrical cables hanging loosely on the ground pose a serious liability risk. Building condition deteriorated due to utility pipes leaking on the wall and sewer water running on the ground, mold developed in the houses posing a catastrophic health risk.
 - Orlando Ekhaya Firefighting equipment (extinguishers and hose reels) was vandalized, most extinguishers were missing and that poses a serious fire risk. Regular building maintenance is required at all the JOSHCO Projects as a mitigation strategy to prevent the risks emanating from poor building conditions.
 - Most electrical plugs, heaters and showers were not working at the Klipspruit hostel.
 - Pest control measures need to be implemented at all the visited projects.

SECTION 12: MARKETING AND COMMUNICATION



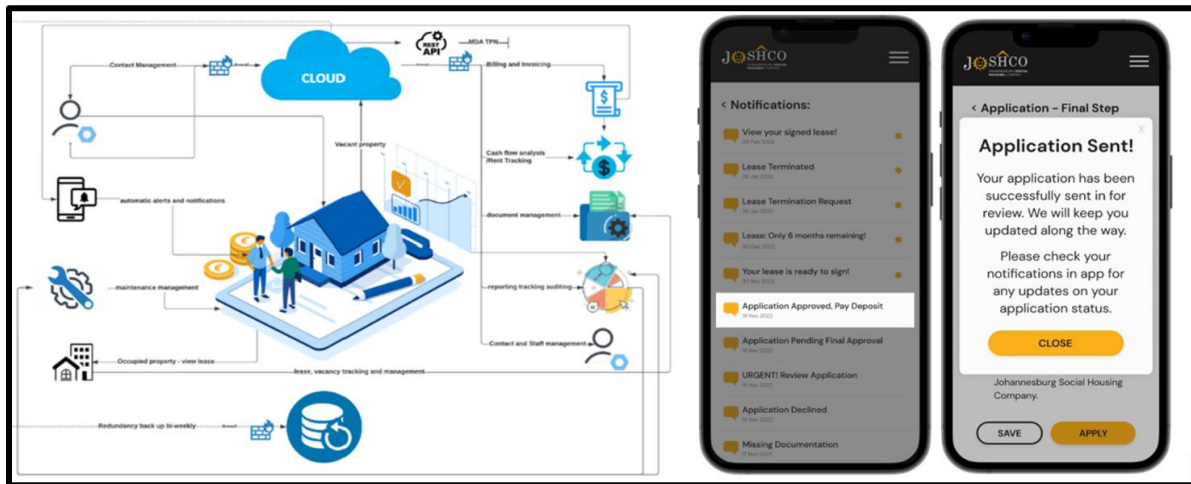
This section of the report highlights the organisation's marketing and communication performance during the quarter under review which focused on the rolling out and acceleration of the One Month, One Building Campaign; Awareness campaigns targeted at internal and external stakeholders and internal commemorations aimed at boosting the staff's moral. A total of seventeen (17) activations were delivered including campaigns.

12.1 THE HANDOVER OF KEYS TO NEW TENANTS OF LEGAE PROJECT

Executive Mayor, Cllr Kabelo Gwamanda and the MMC for Human Settlements, Cllr Anthea Leitch alongside other Executives in the city, and the Board and Executive of JOSCO delivered the handover of Legae Affordable Rental project on the 23rd of June 2023. This is another encouraging development managed by JOSCO that is designed to give communities access to affordable rental accommodation to encourage a way of life that is favourable to shared living. The city has invested R35 million into developing the project which is targeted at mixed-income households with gross income ranging from R3500– R22000 per month.



12.2 LAUNCH OF THE E-LEASE



The E-Lease is the automated application process that uses an online form to allow for prospective tenant to apply electronically, as well as to capture and upload all required data/documents. The APP is integrated to the existing system for direct extraction of lease and allow for e signature IN APP. The App allows JOSHCO to manage full tenant information including the integration to the existing Billing & Invoicing system which sends invoices to tenants and can trigger notification/alert to notify tenants whose accounts are in arrears.

The App was launched at the Legae Project officially and on JOSHCO digital platforms.

12.3 THE LAUNCH OF LUFHERENG SOCIAL HOUSING PROJECT

The Minister of Human Settlement, Hounarble Mmamoloko Kubayi alongside the MMC for Human Settlements, the Executive of the City of Johannesburg, the Social Housing Regulatory Authority, JOSHCO Board and Executive Management delivered the launch of Lufhereng Social Housing Project and handover of keys to new tenants on the 26th of May 2023. The project will accommodate about 407 families with 24/7 security and biometric access.



12.4 OVERSIGHT VISIT AT RIVERSIDE VIEW DEVELOPMENT

The MMC for Human Settlements, Cllr Leitch alongside the Ward Cllr Maswazi, Management team of JOSHCO and the Contractor embarked on an oversight visit at the Riverside Social Housing Development on the 9th of June 2023 to assess the readiness of the Riverside project for handover and allocation. This is one of the projects which are earmarked to be delivered under the One Month, One Building Campaign in the new financial year.



12.5 STAFF MEETING AND SIGNING OF THE ANTI-CORRUPTION PLEDGE

On the 18th of May 2023 The Acting Chief Executive Officer convened a meeting for his formal introduction to the staff of JOSHCO as well as to launch the signing of the Anti-Fraud and Corruption pledge. Signing an anti-fraud and corruption pledge is an important step in promoting a culture of ethical behavior in an organisation. It demonstrates a commitment to integrity and sends a message to all staff members that fraudulent and corrupt activities will not be tolerated.

The organisation is taking proactive steps to prevent fraud and corruption to establish an ethical tone at the top, which can help to deter fraudulent activities and encourage employees to report any suspicious behavior. This was also to support the campaign by the Planning and Risk department.



12.6 TENANT ENGAGEMENT AT FLEURHOF RIVERSIDE PROJECT

JOSHCO held a tenant engagement on the 22nd of April 2023 to the tenants of Fleurhof to unpack JOSHCO processes on housing, maintenance, and rental payment matters. This is a continuous effort led by the stakeholder department aimed at strengthening relations with the tenants as well

as to correct and improve service delivery by acting towards issues raised by the tenants. The consultation setup includes a help desk for a one-on-one interface between tenants and JOSHCO staff from leasing and revenue departments. The process also includes renewing of leases and signing of AODs by those whose accounts are in arrears.



12.7 EMPLOYEE WELLNES DAY

On the 4th of April 2023, the organisation launched the ICAS Wellness Programme which was delivered through a wellness event which also involved private medical practitioners who specialise in audio and visual impairments. ICAS catered for general check-ups of cholesterol, blood pressure and BMI and most importantly, staff were given the ICAS support number for private consultations for them and their immediate family members. This is one of the long-awaited programmes especially after the traumas that were brought about by the COVID 19 pandemic. The programme is on-going and is fully accessible to all JOSHCO employees.

WELLNESS CHECK

Please note that, we have medical aid companies coming tomorrow
04 April 2023
09:00 to 15:00
1st Floor Education Room

Come Check your:

- Cholesterol
- Blood Pressure
- Height, Weight
- Waist circumference
- Total Cholesterol

But not limited to the list above.

ICAS WELLNESS PROGRAMME

The wait is over - finally we have ICAS on board. Colleagues can start utilising their services for wellness issues.

The chief aim of the Employee Wellness Programme (EWP) is to help employees manage their personal and professional lives more effectively. The service is extended to JOSHCO staff and their family members staying in the same household as them.

Access points:
Tollfree Number: 0800 222 229
Email Address: callback@icas.co.za

Logos for Joburg and JOSHCO are visible at the bottom.

12.8 INTERNAL COMMEMORATIONS

During this quarter the organization commemorated Workers Day on the 1st of May, Youth Day on the 15th of June and sleeper day on 5th of May to support children fighting life threatening illnesses. These events provide an opportunity for employees to bond and build stronger relationships with each other.

Boosting staff morale is an important aspect of maintaining a positive workplace culture and promoting employee engagement. Internal drives can be an effective way to achieve this goal. These are similar to employee recognition programs, wellness programs, social events, learning and development programs, volunteer programs, and employee feedback programs, they are all great ways to foster a positive workplace culture.

12.9 CHILD PROTECTION AWARENESS AT TEXTILE PROJECT

The Child Protection awareness campaign was delivered on the 22nd of June 2023. This was in partnership with the Teddy Bear Foundation. They have programmes which they believed can assist JOSHCO tenants, especially that reside in inner city buildings which have limited spaces for children to play. The initiative includes edutainment programmes for children of ages between 3 – 14 and it is monitored by the Ward Governance Social Workers.



Textile Project

The **Teddy Bear Foundation** in partnership with **JOSHCO** will commemorate **Child Protection Month** through an awareness campaign

Date: 22 June 2023 | Venue: Textile Building | Time: 12h00

Joburg
a world class African city

Teddy Bear Foundation

JOSHCO
JOHANNESBURG SOCIAL HOUSING COMPANY

12.10 AWARENESS CAMPAIGNS

During this quarter, the organisation devised much interactive ways to connect and communicate with stakeholders using various languages. The entity introduced voice notices which were mainly recorded in English and Zulu and were distributed on the digital domain and via WhatsApp. Campaigns have shown to be a quick and easy approach to reach and interact with external stakeholders and it is becoming more convenient for the organisation and its audience to use voice notices which also assists those who are not able to read or understand information at first glance. The department also continue to use multifaceted messages to expand audience reach. The campaigns delivered in the quarter includes:

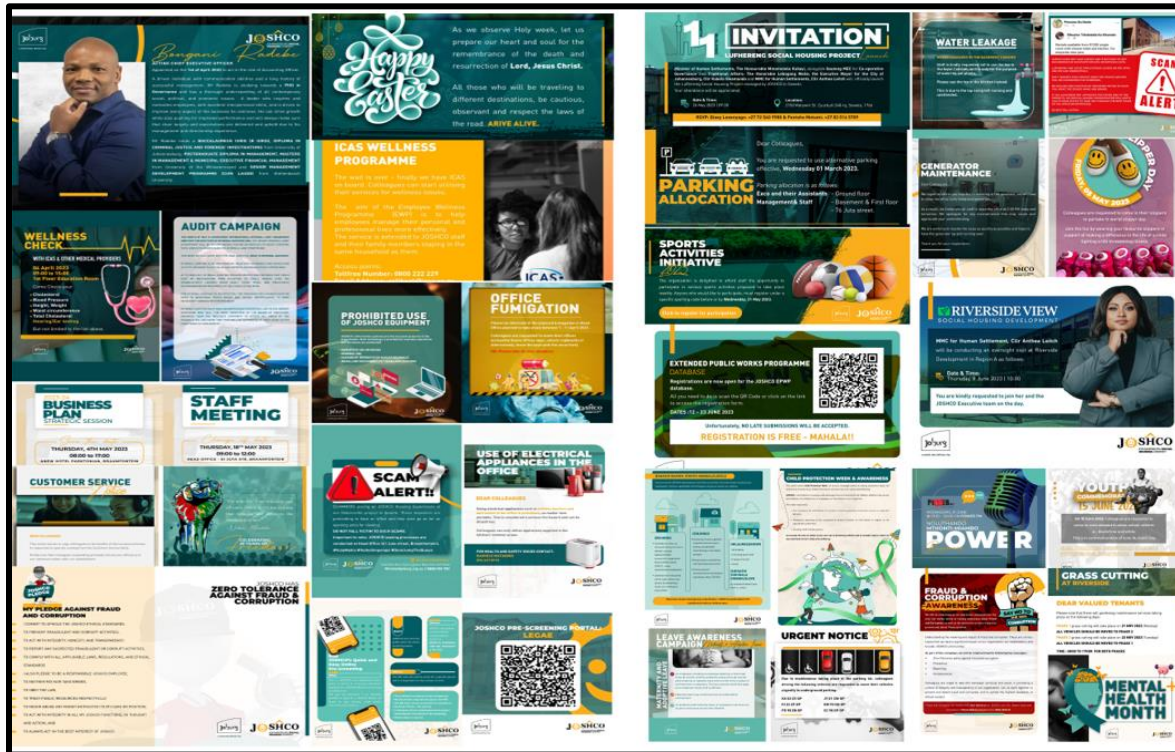


- The ICT Cyber Security Awareness which started in the previous quarter
- Awareness on HR Policies. This commenced in the last week of May and the content focused on Leave Awareness.
- Wellness and Child Protection Week
- Benefits of going paperless/ Office automation
- Internal audit
- Fraud and Corruption Awareness
- Risks Management Education

12.11 COMMUNICATION PRODUCTS

Communication is critical for building JOSHCO's business image and to maintain positive stakeholder interactions. This quarter, like the previous one, saw a considerable increase in the number of items delivered, these include infographics, notices, booklets, posters, and videos.

Over one hundred (100) communication items were distributed to internally and externally during this quarter. We have also seen an increase in audio visual material to help promote JOSHCO properties and programmes.



12.12 MEDIA LIAISON AND MONITORING:

According to the City’s media monitoring company Ornico, JOSHCO recorded 25 media items with an Advertising Value Equivalent (AVE) of R683 942.90 in May 2023. This compares to 32 media items with an Advertising Value Equivalent (AVE) of R1 163 162.42 in April 2023 and the 13 media items with an Advertising Value Equivalent (AVE) of R475 193.32 in March 2023. 72% of the overall coverage was neutral, 20% was positive, and 8% was negative. 60% of all the coverage emanated from online media, while print media and broadcast media accounted for 20% each.

The Star, City Press titles (print), RSG and SAfm (broadcast) were the top sources by for the April- May volume, with two media items each. Siviwe Feketha from Media24 was the top journalist by volume, with over seven media items. SABC News Online, Times Live (both online), and ENCA, Power FM, Radio 702, Jozi FM (broadcast) were the top sources.

12.13 MEDIA INTERVIEWS:

- ENCA
- Soweto TV
- Power Fm (Power Business)
- SA Fm
- Lesedi Fm
- Jozi Fm
- Islamic radio
- Joburg Pulse

The media coverage for the quarter was predominantly about the One Month, One Building campaign which mostly highlighted the official launch of the Lufhereng Social Housing Project.

JOSHCO also received a media query from the Sunday Times to give clarity concerning the raids on hijacked buildings in the CBD conducted by the Acting Mayor: Cllr Kenny Kunene. *JOSHCO deferred the matter to Group Communications to render a response as the query involved a political principal.*



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

An analysis of the financial position as at 30 June 2023 is reflected in the table below.

Table 39: Statement of Financial Position as at 30 June 2023

Description	30 June 2023	30 June 2022	Movement	Movement YTY in %
	R'000	R'000	R'000	
Assets				
Current Assets				
Inventories	758	233	525	225%
Loans to shareholders	2 546	2 975	(429)	-14%
Current tax receivable	9 140	49	9 090	18179%
Receivables from exchange transactions	1 262 140	1 512 356	(250 216)	-16.54%
Receivables from non-exchange transactions	5 554	4 251	1 303	30.65%
VAT receivable	6 378	3 918	2 460	62.78%
Cash and cash equivalents	201 946	189 266	12 680	6.7%
	1 488 463	1 713 048	224 585	13.11%
Non-current assets				

Property, plant and equipment	17 983	10 784	7 199	67%
Intangible assets	8 396	9 369	(973)	-10%
Investment in joint venture	20 414	20 414	-	0%
Total Non-current assets	46 793	40 566	6 227	15%
			-	
Total Assets	1 535 256	1 753 614	(218 358)	-12%
Liabilities				
Current Liabilities				
Loans from shareholder	1 264 655	1 132 764	131 891	11%
Borrowings - DBSA	2 324	2 352	28	1%
Finance lease obligation	367 974	0	367 974	100%
Payables from exchange transactions	961 430	1 004 126	42 696	4%
	2 228 779	2 139 241	89 538	4%
Non-Current Liabilities				
Borrowings - DBSA	7 790	9 008	1 218	14%
Finance lease obligation	471 893	0	471 893	100%
Deferred Income from non-exchange transactions	178	178	-	0%
	8 440	9 186	(746)	-8%
Total Liabilities	2 237 219	2 148 427	88 792	4%
Net Assets	(701 963)	(394 813)	307 150	78%
Share Capital	0,120	0,120	-	0%
Accumulated deficit	(701 963)	(394 813)	307 150	78%
Total Net Assets	(701 963)	(394 813)	307 150	78%

1.1 Assets

1.1.1 Current Assets

Current assets decreased by 13% due to receivable from exchange transactions due to drop in Special project revenue and rental of facilities as well as write off. The current tax balance increased by R9,1 million due to SARS payment made where objections have been lodged. Currently awaiting SARS correspondance. The 225% increase in inventory is largely due to the increased orders of consumables such as stationery which are to be issued out across the organization..

The increase of R967 000 in non-exchange transactions is due to the payout of employee bursaries for the year.

1.1.2 Non-Current assets

The overall increase of 15% in Non-current assets is largely due to the purchase of office equipment and IT equipment for the organization.

1.2 Liabilities

The current liabilities include Loans from the Shareholder, Short term portion of long term loan (DBSA), Finance lease obligation (Printers) and Payable from exchange transaction. The current portion of the long-term loan from the DBSA is R2, 324 million.

Current liabilities increased by 4% due to loans from Shareholders which increased by 11% due to unfavourable sweeping account and new printers acquired through lease contracts which are recognised as Finance lease obligations in the Statement of Financial Position.

The non-current liabilities increased by 8% due to the recognition of finance lease obligations as explained above.

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

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2023 resulted in a deficit of R 307,150 million per Table 40 below.

Table 40: Statement of Financial Performance for the 12 months ended 30 June 2023

Description	Actual	Budget	Weighting % (actual)
	R'000	R'000	
Rental Income	177 296	200 084	58%
Subsidies	48 004	48 004	16%
Management Fees	53 919	30 927	18%
Interest Income	26 394	24 265	9%
Utility Recoveries	3 381	0	0.1%
Other Income	328	2 138	0.1%
Total Revenue	309 323	305 814	100%

2.1 Revenue Summary

Total revenue is 1% (R3 509 million) over budget. The biggest contributor to revenue is rental income of facilities and commercial stock which represents 58% of total actual revenue. The Management fees (representing 18% of total revenue) was over budget due to some capex claims for work done on behalf of other COJ Departments being higher than anticipated, in addition, there were additional allocations of work from the Transport department late in the financial year. Interest income makes up 9% of revenue and is mainly from overdue accounts from tenants. The balance of revenue is from shareholder subsidy at 16% of total revenue and other income including utility recoveries.

2.1.1 Composition of revenue

The entity's revenue is derived from the streams per Table 41 below.

Table 41: Composition of revenue

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	177 296	200 084	58%
Subsidies	48 004	48 004	16%
Management Fees	53 919	30 927	18%
Interest Income	26 394	24 265	9%
Utility Recoveries	3 381	0	0.1%
Other Income	328	2 138	0.1%
Total Revenue	309 323	305 814	100%

2.1.2. Revenue Summary

The entity's collection levels are on an upward trajectory; we have collected 61% for current tenant rentals against a collection target of 80% for the current financial year as shown in **Table 42** below. Collections in respect of SHRA funded Projects is 54%, JOSHCO Projects is 73%, and City stock at 44%, former hostel are still performing below 3%, whilst the retail space is at 106% for the quarter ending 30 June 2023.

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

2.1.3. Expenditure Summary

The total expenditure budget is R305 814, The actual was R616 473. Total expenditure is 100% (R307 million) over budget. The over budget is due to debt impairment and write offs to the value of R112 mil, Finance costs to the value of R 75 mil, Repairs and maintenance, security and utility costs to the value of R71 mil over budget. Employee costs contributed R14 mil to the over expenditure budget and administrative costs resulted in R35 mil to the total over budget expenditure.

2.1.4. Revenue Collection

The entity's collection levels are on an upward trajectory; we have collected 60% for current tenant rentals against a collection target of 80% for the current financial year as shown in **Table 42** below. Collections in respect of SHRA funded Projects is 54%, JOSHCO Projects is 73%, and City stock at 44%, former Hostels are still performing below 3%, whilst the retail space is at 106% for the quarter ending 30 June 2023.

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

Table 42: Revenue Collection as at 30 June 2023

PORTFOLIO	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	REASONS FOR UNDER PERFORMANCE
	R'000	R'000		
Retail Space	2 275,05	(3 997,65)	176%	Target achieved and exceeded.
Greenfields	13 902,63	(8 055,27)	58%	1.High rise of unemployment and number of pensioners /tenants going on retirement
Brownfields	16 681,60	(10 092,24)	60%	2. Increasing demand for ownership & child headed units whose parents went on pension
Former Public Hostels	966,63	(25,15)	3%	3. Culture of non-payments developed from some organised individuals & political formations
City Referral	9 207,31	(4 077,54)	44%	1.High rise of unemployment and number of pensioners /tenants going on retirement
OVERALL COLLECTION	43 033,22	(26 247,84)	61%	

2.1.5. Revenue Collection by debt collection companies

The company uses the services of debt collecting companies to collect debt over 60 days (going forward, debt handed over will be from over 90 days) and above R10 000. The performance of the debt collection company is shown in **Table 43**. For the quarter under review, the companies have collected R6.6 million (2.86%) from the R231 million handed over to them for collection.

Table 43: Performance of debt collection company from inception to date

Month	No. of accounts handed over	Amount handed over	Amount Collected	% Collection
		R'000	R'000	
Jul-22	1 792	87 153	138	0,16%
Aug-22	4 178	263 496	566	0,21%
Sep-22	4 178	268 919	655	0,24%
Oct-22	3 552	222 060	774	0,35%
Nov-22	3 552	222 786	805	0,36%
Dec-22	3 552	222 786	805	0,36%
Jan-23	3 552	231 125	494	0,21%
Feb-23	3 552	231 215	451	0,20%
Mar-23	3 552	239 551	515	0,21%
Apr-23	3 552	235 385	483	0,21%
May-23	3 552	240 879	446	0,19%
Jun-23	3 552	240 808	491	0,20%
TOTAL YEAR TO DATE	3 552	231 125	6 623	2,87%

2.1.6. Settlement discount vouchers and write-offs

In trying to prevent the debt from escalating and to get the tenants to pay whilst the debt is still affordable the Entity has introduced various settlement discount vouchers for tenants to choose from **Table 44** below shows the list of vouchers processed for the current quarter. In addition to the vouchers processed, we are also looking at system write-offs for all closed accounts in our books, and those tenants that have since vacated and the units are occupied by paying tenants. Tenants who vacated with balance owed are blacklisted with the Credit Bureau.

Table 44: Settlement Discount Vouchers & Write-offs

50% Black Friday Settlement Discount

Vouchers:

Number of tenants settled	Total value	Total amount collected
8	106 372	106 372

30% Settlement Discount Vouchers:

Number of tenants settled	Total value	Total amount collected
---------------------------	-------------	------------------------

11	114 258	161 739
----	---------	---------

10 % Discount Voucher

Number of tenants settled	Total value	Total amount collected
34	62 548	563 050

20 % Extra Seasonal Special:

Number of tenants settled	Total value	Total amount collected
717	288 529	1 153 988

No trace and closed accounts

Number of tenants settled	Total value	Total amount W.off
35	723 375	275 865

Deceased Estates

Number of tenants settled	Total value	Total amount W.off
8	857 658	857 658

Small Balances

Number of tenants settled	Total value	Total amount W.off
-	-	-

Company Error

Number of tenants settled	Total value	Total amount W.off
2	2 728	2 728

2.1.7. Student Accommodation

The entity piloted its first student accommodation project in 2020/21 Financial Year, with the procurement of a service provider's support to retrofit and project manage the Wolmarans Street project. The building is fully tenanted. It has a total of 183 beds, rented at a rate of R 3 800/ bed for double rooms and R4 200 for single rooms.

2.1.8. Mitigation Strategies to improve collection performance.

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.

This will be met through regular collation and updating of information on the indigent tenants of JOSHCO, apply for the funding of such and further moving the City Referral stock back to the department of Human Settlements in the City, as an integral component of revenue management practices.

This will enable JOSHCO to have updated data for correct decision making and could result in the increase in revenue collection instead of using resources to pursue uncollectable bills.

The following are the initiatives undertaken by the department to improve debt collections:

A) Appointment of Debt Collections 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 43** above.

B) New Online payment option through Kazang (Easy Pay)

We've a joint partnership with Kanzang Connect (Easy Pay Money Market) for a Cashless pay solution which brings a quick easy and convenient way to pay JOSHCO rentals and it comes with a single device to pay bills , buy online , get entertainment and transfer money. The same device will enable our tenants to do the following:

- ❖ **Pay for JOSHCO Rentals**
- ❖ **Pay for water and electricity**
- ❖ **Pay for DStv & personal accounts**
- ❖ **Buy Airtime and Data**

Kazang Cashless Solution Device:



Key Benefits:

1. Remove the risk of the theft of cash from the suppliers value chain
2. Flexibility of wallet solution – instant settlement of payment:
 - Transfer funds from Kazang wallet to other devices
 - Transfer funds from the from Kazang wallet to a bank account
3. Create convenience for customers – one stop shop:
 - Paying of rent using (Easypay)
 - Buy Electricity using individual meter numbers
 - Buy Water using individual meter numbers e.t.c



C) New Interest Freezing and Reversal Promotion

JOSHCO is launching a promotion of **FREEZING AND REVERSING** current & historical late payment interest charges for tenants who sign AOD's based on their affordability over and above current rentals for the period of the AOD (*Acknowledgement of Debt*).

*(e.g. If a tenant signs an AOD and makes arrangements to pay arrears for 6 months on top of the current rent, JOSHCO will **discontinue** further late payment interest charges on his/her account immediately and further **reverse** historical interest charged for the same period of the AOD i.e.6 months).*

D) New payment options through Debit Check & Stop Order

We will implement a mandatory non-reversible debit check as from 1st July 2023, and this will be a prerequisite for all new leases and be a condition that the final approval of lease application will be subject to. The tenants will need to accept and approve the debit check, suspension thereof by the tenant will be deemed as a breach of the lease contract and a 30 days' notice to vacate will be issued immediately.

Take on documents were signed by Group Treasury on the 16th June 2023 and training is scheduled for the first week of July for all Billing officers and the implementation is targeted for the 10th July 2023.

E) Settlement Discount Vouchers

In an attempt to prevent the debt to escalate and to get the tenants to pay whilst the debt is still affordable, JOSHCO has introduced several Settlement Discount Vouchers for our tenants as shown in **Table 44**.

A total of **53** tenants have benefited in the settlement discount vouchers this quarter and a total of **R1,9M** was collected against credits of **R571K** given to those tenants who were qualified.

F) Restructuring of the Revenue Department

In response to financial threats or pressures on the company, we've decided to implement departmental changes, to reduce costly inefficiencies, respond to new competitive markets, and develop strategies to move forward successfully.

Credit Control Department:

12 Credit controllers will remain responsible for the collection of the current to 30 days accounts.

Pre-legal/Recoveries Department:

This department will be responsible for the collection of debts prior to legal recovery proceedings commencing, negotiating payments/payment arrangements, handling debtor enquiries and provides administrative assistance to the team, recommending suitable debt recovery methods, including pre-legal & legal (attachment orders {salary/goods} leading to evictions). Adverts for the new position will be sent internally and externally by the second week of July 2023.

G) Management of utility bill

We've also appointed a service provider to assist JOSHCO with in-house electricity vending system to manage and control utility bills and this has been successfully implemented in the inner-city buildings.

This system will soon be used as a collection tool and its activation will be linked to the Biometrics system, and our contracting and billing system.

The scope of the in-house vending system services providers has been extended to the implementation of check meters devices in all our projects, and installation of smart meters to read and submit water consumption linked to each unit in our projects.

- 667 Smart meters have been installed in the inner-city buildings.
- 743 smart meters have been installed the in Greenfields properties that are located outside the city centre
- All remaining smart meters targeted completion date is the 15th July 2023.

2.2 Expenditure

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

a) Personnel costs

- The personnel cost expenditure is 9% above budget (R13,7 million) due to leave pay, overtime, acting allowances, PFA, danger allowance and executive appointments. Over there was a large amount of leave encashment that has reduced the leave pay provision.

b) Board fees

- 28% below budget (R531 000) due to a reduction of procurement activities requiring board approval which are above the CEO's delegation.

c) Provision for bad debts

- This expenditure item's movement is due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 61% which is a slight improvement of 1% from the previous quarter.

d) Depreciation and Amortisation

- Depreciation is 107% (R1,2 million) over budget. This is due to the purchases of property, plant, and equipment for the revamped head office.

e) Finance costs

- 7809% above budget (R74,96 million) due to interest incurred on negative Sweeping account arising from overdraft facility because of delays in receiving payment from projects undertaken on behalf of COJ entities and departments. The entity has submitted a request for reversal to the City and we are currently awaiting the approval.

f) Repairs and Maintenance

- 85% above budget (R36.1 million) due to work done at the various projects in order to ensure compliance with building standards. The expenses incurred are not always recovered through rental income. Therefore, JOSHCO is sometimes required by law to maintain buildings according to standard.

g) Security

- 456% above budget (R28,1 million) due to projects not yet under construction and projects where contractors were terminated.

h) Utilities

- 9% above budget (R6,4 million) due to utility costs incurred more than available budget. Management has put measures in place to manage the utility bill. Prepaid meters are being rolled out in projects. A flat rate for water will be charged while the water meters are being sourced and installed.

i) Administrative costs

- 72% above budget (R13,4 million) due to increase in legal costs for investigations and rental collection processes, implementation of IT solutions (server setup and data centre infrastructure) for the system to keep working during loadshedding and some contracted services. A bulk of AG's invoice was also paid in the quarter.

SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 30 June 2023 is R201,9 million. An amount of R1, 147 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans from shareholder).

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The CAM Capex budget was adjusted down by R99.7million to R399million funded from the external funding sources and capital reserves. As at 30 June 2023 JOSHCO's verified spent for the quarter under review is 101% against a target of 100% per the table below. This is reflected in Table 45 below.

Table 45: Capex Spend Per Project

Project Description	JSIP Number	Approved Budget 2022/23	Adj. Budget 2023	Final Budget Lifting 2022/23	Amount Spent	Balance	% Spend
		R'000	R'000	R'000	R'000	R'000	
Lufhereng Social Housing Project Region D	2323	73 438	73 438	50 579	-50 738	-159	100%
Randburg Selkirk Social Housing Project Region B	2353	40 000	-32 761	7 855	-7 855	0	100%
Nancefield Social Housing Project Region D	2359	74 750	19 373	101 515	-106 561	-5 046	105%
Inner City Buildings Acquisitions	2419	11 000	-232	10 881	-10 767	114	99%
Marlboro Social Housing Project Region E	3535	1 537	-1 537	-	-	-	0%
Princess Plots Social Housing Project Region C	3794	51 555	-32 805	18 750	-20 267	-1 517	108%
EXISTING STOCK REDEVELOPMENT; UPGRADE AND MAJOR MAINTENANCE Renewal Building Alterations JOHANNESBURG F City Wide	3796	25 000	6 402	40 181	-38 784	1 397	97%
Devland Golden Highway Social Housing Project Region D	3885	28 142	3 358	32 733	-32 589	144	100%
Casamia Inner City Building Upgrade Region F	4046	38 453	-38 453	-	-	-	0%
Booyens Street Inner City Conversion	22468	5 000	-5 000	-	-	-	0%
38 Rissik Street (NBS) Inner City Building Conversion	22470	5 700	-5 700	-	-	-	0%
Turn-Key 1: Region A	23366	50 766	24 824	54 352	-54 081	271	100%
Turn-Key 1: Region B	23367	50 000	-35 000	12 214	-12 213	1	100%
Turn-Key 3: Region D	23368	43 420	-2 222	69 947	-70 009	-62	100%
Total		498 761	-99 752	399 009	-403 864	-4 855	101%

SECTION 5: RATIO ANALYSIS

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

Table 46: Key Ratio Analysis as at 30 JUNE 2023

KEY PERFORMANCE INDICATOR	2022/23 TARGET	QUARTER 4 TARGET	QUARTER 4 PERFORMANCE	VARIANCE
Achievement of selected profitability and liquidity ratios	Current ratio 1:1	1:1	0.67	-0.33
	Solvency Ratio 1:1	1:1	0.69	-0.31
	Cost Coverage: 50 days	50 days	-380 days	-450 days
	Remuneration to operational expenditure (OPEX) up to 40%	40%	28%	+12%
	80% collection in respect of current debtors	80%	61%*	-19%
% Spent on operating budget against approved operating budget		100%	202%	+102%
% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt.	100%	51%	-49%
% Capital Expenditure Budget.	100% Capital Expenditure Budget.	100%	101%	+1%

***Collection for SHRA funded projects only is 54%**

Please note that all ratios are pending finalization of year-end transactions to be submitted 31 August for audit.

5.1 MITIGATION ACTION

5.1.1 Current Ratio and Solvency Ratio

The non-performance of this target is due to continued losses being incurred largely due to high provision for bad debts and high operating costs, mainly utility costs. The entity doesn't generate sufficient income to cover its operating expenses. Therefore, reliance is placed on COJ to cover losses through subsidies.

- The Entity's recently approved 5-year strategy document to improve the entity's financial sustainability is currently being implementation as follows:
 - Increase in management fee income earned on projects implemented on behalf of other COJ entities – this strategy is derailed due to halting of work on behalf of the Department of Human Settlements because of the high outstanding balance due to the entity. During the 4th quarter of 2023 work to be performed on behalf of CoJ Department of Transport to undertake projects on their behalf has commenced. Proposal of an increase in the management fee charge from up to 7% to up to 10% from the 2023/24 financial year.
 - Student accommodation – pilot phase is currently under implementation. Occupancy rate is at 100%.
 - Outdoor advertising – adverts are placed on the structures.

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 take mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken.
- Utilities – Prepaid meters are being rolled out in projects. A flat rate for water will be charged while the water meters are being sourced and installed.

5.1.2 Cost Coverage

- Non-performance is due to low cash balances and an overdraft due to settlement of suppliers prior to receiving claims from the departments we are executing projects on behalf.
- The highest outstanding balance from the entities we are executing projects on behalf is from the Department of Human Settlements. The matter of the outstanding balance with Human Settlements is being resolved by the ED, COO, CFO and project managers from both the department and entity.

- Project Managers have been employed in the Office of the COO to support the work undertaken on behalf of the CoJ departments. These project managers will also be responsible to follow up on payments due to Joshco and resolve any disputes from the invoices.
- Regular engagements have resumed with CoJ departments to follow up on outstanding invoices. Finance department working with the office of the COO's office to ensure timeous submission of invoices to departments we are executing projects on behalf.
-

5.1.3 Collection in respect of current debtors

The rental collection is low due to:

- Low rental collection across all projects. JOSCHO previously did not distinguish between City Owned stock and SHRA funded stock. From the City Owned stock that JOSHCO is managing on behalf of housing it has former staff hostels, temporary emergency accommodation and COVID 19 displacement accommodation. The dynamics of this stock affects our collection levels.

Mitigation:

- There has been a process undertaken to remove all the City Owned Public Stock from JOSCHO's books back to COJ Housing and this is in line with the Shareholder resolution. The properties that JOSCHO will be managing on behalf of the City will not form part of SHRA funded portfolio or reporting. The rental collection and day to day management budget will be on the account of the Department of Housing.
- To improve on collection, the JOSHCO Executive Committee has taken a decision to streamline all property management functions under the Housing Management department. The process is finalized through the organizational design process.
- The company uses the services of a debt collecting companies to collect debt over 90 days and above R10 000.
- The entity has a joint partnership with Kazang Connect (Easy Pay Money Market) for a Cashless pay solution which brings a quick easy and convenient way to pay JOSHCO rentals and it comes with a single device to pay bills, buy online , get entertainment and transfer money.
- We will implement a mandatory non-reversible debit check as from 1st Quarter of 2023/24 FY, and this will be a prerequisite for all new leases and be a condition that the final approval of lease application will be subject to the tenants acceptance and approval of the debit check, suspension thereof by the tenant will be deemed as a breach of lease contract and 30 days' notice to vacate will be issued immediately.

A tenant engagement programme is currently being implemented to deal with all tenant matters to encourage rent payment. Details of initiatives are also explained in previous sections of this report.

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 June 2023, only 51% of valid invoices were paid within 30 days. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments weekly.

6.3 REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

Table 47: UIFW incurred in the current quarter.

Compliance Area	Quarter 4 2022/23 Target	Quarter 4 2022/23 Actual	Variance	Variance explanation	Mitigations
Unauthorised Expenditure	-	R18 491,41	R18 491,41	Unauthorized bank debit orders	Debit orders are currently being investigated by GFIS. A criminal case has been opened at the Hillbrow Police Station for investigation.
Fruitless and Wasteful Expenditure	-	-			

There is potential irregular expenditure on the year-to-date overspend of the budget of R307 million should the entity's deficit position not reverse by the end of the financial year. The cumulative UIFW balances are shown in Table 48.

Table 48: UIFW Register as at 30 June 2023

Description	Amount R'000
Irregular expenditure as per audited financial statements – 30 June 2022	160 428
Fruitless and wasteful expenditure as per audited financial statements – 30 June 2022	4 061
Irregular expenditure as identified by management for the 9 months ended – 30 June 2023	3 099
Fruitless and wasteful expenditure as identified by management for the 9 months ended – 30 June 2023	1 453
TOTAL UIFW INCURRED TO DATE	<u>169 041</u>

The UIFW balance as at 30 June 2022 was R169, 06 million. Internal audit has completed investigations for R126.4 million (77%) which have been presented to Board and are currently at MPAC for processing and recommendation to Council for condonation.

6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

Table 49 reflects the approved variation orders for the period under review.

Table 49: Approved variation orders for the quarter ended 30 June 2023

Name of supplier	User Department	Reason	Approval date	Original PO Amount	Adjusted PO Amount	Variation	% Variation
Princess Plots Social Housing Project	Housing Development	Construction	18 May 2023	R153 234 471.82	R182 850 315.82	R29 615 843.00	19.33%

6.5 AWARDS MADE FOR THE QUARTER

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

Table 50: Awards for the quarter

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISE D	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBE LEVEL
ABT/001/2022	The Appointment of Panel of Turnkey Contractors Offering Alternative Technology for a period of 3 years	Housing development/Jo shco	02/08/2022	02/02/2023	Panel of 11 Service Providers	All minimum requirements met	N/A	N/A	
Health/30/2022	The appointment of a contractor for minor works and electrical upgrades at Malvern in Region F for COJ-Health	Housing Development Unit/JOSHCO	15/12/2022		HM EYETHU Construction and Plant Hire	Highest scoring bidder	R 4 621 317.41	R4 621 317.41	1
HEALTH/31/2022	The appointment of a contractor for minor work at Jeppe and south Hills Clinics in Region F for COJ-Health	Housing development/JO SHCO	15/12/2022		Lindane Supplies and Logistics	Highest scoring bidder	R5 314 535.71.00	R4 791 629.24	1
HEALTH/32/2022	The appointment of a contractor for minor works and fencing at Zandspruit clinic in Region C for COJ-Health	Housing development/JO SHCO	15/12/2022		HM EYETHU Construction and Plant Hire	Highest scoring Bidder	R5 678 974,41	R 4 374 434.52	1

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISE D	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBE LEVEL
HEALTH/33/2022	The appointment of a contractor for minor works and Electrical upgrades at Senaone clinic in Region D for COJ-Health	Housing development/JO SHCO	15/12/2022		KKL IT solutions and projects	Highest scoring bidder	R3 526 188.24	R 4 290 127.30	1
RPM/SN/001/2022	The appointment of Panel of Repairs and Maintenance for a Period of 3 Years- Waterproofing	Housing Management/ JOSHCO	27/04/2022		Panel of 18 Service Providers	All minimum requirement met	N/A	N/A	
RPM/SI/001/2022	The appointment of Panel of Repairs and Maintenance for a period of 3 years-Lifts and Escalators	Housing Management/J OSHCO	27/04/2022		Panel of 2 Service Providers	All minimum requirement met	N/A	N/A	
RPM/SL/001/2022	The appointment of Panel of Repairs and Maintenance for a period of 3 years-General Steel works	Housing Management/J OSHCO	27/04/2022		Panel of 3 Service Providers	All minimum requirement met	N/A	N/A	
RPM/SH/001/2022	The appointment of Panel of Repairs and Maintenance for a period of 3 years-Landscaping,Irrigation,G rasscutting and	Housing Management/J OSHCO	27/04/2022		Panel of 16 service Providers	All minimum requirement met	N/A	N/A	
ARCHIT/001/2022	The appointment of a project management/ Architects consultants	Housing Development	20/11/2022	23/03/2023	My Architect SA	Highest Scoring Bidder	R20 000 000	R21 622 300	

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISE D	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBE LEVEL
	for Rissik street Housing Project								
RFQ/TRANSPORT/001/2023	The appointment of a service provider from the Facilities Management Panel for the refurbishment and maintenance of various BRT Rea Vaya Stations Phase 1	Housing Development	23/05/2023	15/06/2023	Durapi Consulting (PTY)LTD	Highest Scoring Bidder	R20 000 000.00	R19 499 602.96	
RRQ/ABEL/003/2023	The appointment of a contractor for the revitalisation of phase 1 residential unit at Abel Berea Johannesburg	Housing Development	04/05/2023	15/06/2023	SKS Business Solution	Highest Scoring Bidder	R19 000 000.00	R16 864 574.26	
RFP/COMDEV/032/2023	The appointment of a contractor for the refurbishment of City of Johannesburg:Community Development Department Facilities in Region D(.).	Housing development	08/05/2023	15/06/2023	Thulaumme Business Development cc	Highest Scoring Bidder	R20 010 439.98	R20 229 814.49	
RFQ/TRANSPORT/003/2023	The appointment of a service provider from the Facilities Management Panel for the conditional assessment of Meadowlands Bus depot.	Housing Development	23/05/2023	15/06/2023	Renda Group	Highest Scoring Bidder	R2 800 000.00	R2 679 270.00	

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISE D	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBE LEVEL
RFQ/TRANSPORT/002/2023	The appointment of a service provider from the Facilities Management Panel for the conditional assessment of Westbury and Bosmont Rea Vaya Station.	Housing Development	23/05/2023	15/06/2023	Ximambane Trading Enterprise	Highest Scoring Bidder	R3 000 000.00	R2 656 500.00	
RFP/COMDEV/034/2023	The appointment of a Contractor for the refurbishment of City of Johannesburg:Community Development Department Facilities in region C and D	Housing Development	29/03/2023	17/05/23	PK Financial Consultants cc	Highest scoring Bidder	R20 718 350.47	R20 000 000.00	
RFP/COMDEV/031/2023	The appointment of a Contractor for the refurbishment of City of Johannesburg:Community Development Department Facilities in region E and F	Housing Development	29/03/2023	17/05/23	Mughwena Trading and Projects	Highest Scoring Bidder	R12 692 769.91	R11 033 009.25	
RFP/DOBSEW/001/2023	The appointment of a contractor for the Dobsonville sewer connection completion	Housing Development	29/03/2023	17/05/23	TJ360 Degree	Highest Scoring Bidder	R2 445 282.18	R2 738 823.03	
RFP/FSM/002/2023	Panel of the Facilities management professionals in the built environment for a period	Housing Management		16/04/23	Panel of 20 service Providers appointed	All minimum requirement met	N/A	N/A	

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISE D	BAC DATE	AWARDED SERVICE PROVIDER	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBE LEVEL
	not exceeding 36 months								
RFP/PMPANEL/002/2022	Panel of project managers professionals in the build environment for a period not exceeding 36 months.	Housing Development		31/05/23	Panel of 119 service Providers appointed	All minimum requirement met	N/A	N/A	
RPM/SO/001/2022	Panel of repairs and maintenance contractors for a period of three years-plumbing	Housing Management	27/05/2022	10/06/23	Panel of 61 service providers appointed	All minimum requirement met	N/A	N/A	
RPM/EP/001/2022	Panel of repairs and maintenance contractors for a period of three years-Electrical	Housing Management	27/05/2022	10/06/23	Panel of 98 service providers appointed	All minimum requirement met	N/A	N/A	

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 51: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 4 R'000	% of total expenditure
Capital Expenditure	188,076	66%
Operational Expenditure	96,554	34%
Total Expenditure	284,629	100%

b) Capital Expenditure		
Nature of expenditure	Quarter 4 R'000	% Of Capex expenditure
Professional Consultants	63,086	34%
Contractor Payments	124,990	66%
Total Expenditure	188,076	100%

c) Operational Expenditure		
Nature of expenditure	Quarter 4 R'000	% Spend
Procurement <R200 000	470	1%
Cleaning and Gardening	-	0%
Directors Remuneration-Board and Comm	874	1%
Operational Expenditure	7,413	8%
Security Services	24,810	25%
Repairs and Maintenance	62,987	65%
Total	96,554	100%

6.7 ACHIEVEMENT ON BBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 52 to 54 below.

Table 52: Summary of spent to at least 51% black owned companies

Period	Total OPEX from procurement activities	OPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	96,544	96,544	100%

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	188,076	183,551	98%

Table 53: 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 4	96,544	24,212	25%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	188,076	56,644	30%

Table 54: 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 4	96,544	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 4	188,076	0	0%

SECTION 7: 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 55 below.

Table 55: Statement of amounts owed by or to government departments and public entities

Name of department	30 June 2023 R'000	Account Status	Comments
City of Johannesburg: Sweeping account	(1 147 513)	180 days overdue	The City has been having challenges with the finance operating system. We are however expecting funds from CAM of R100mil from CAM that's confirmed awaiting to be released in April.
City of Johannesburg: Salaries	(222 366)	180 days overdue	Operational subsidy is now applied to salaries. JOSHCO made a settlement of R10 million in the quarter
City of Johannesburg: Municipal Charges	(243 867)	181 days overdue	No settlement has been made in the quarter
City of Johannesburg: Human Settlements	797 631	180 days overdue	Delay of settlement due to CoJ system being under maintenance
Gauteng Department of Human Settlements	15 969	180 days overdue	Long outstanding amounts which must be written off
City of Johannesburg: Treasury	5 958	180 days overdue	A meeting was held with Treasury. A commitment has been made to look into the transaction once the CoJ system is up and running
City of Johannesburg: CAM	202 235	180 days overdue	CAM had committed to settle R158 mil, however R58,9mil was settled in March.
COJ Financial Accounting	4 000	30 days overdue	The City is no longer paying the subsidy directly to JOSHCO, but applying it against Salaries. However, in the quarter there hasn't been movement in both accounts.
City of Johannesburg: Health Department	34 221	180 days overdue	Increase is new invoices in the quarter. Challenge to settle overdue amount due to CoJ system maintenance
City of Johannesburg: Development planning GEF Project	1 210	90 days overdue	Current invoices
City of Johannesburg: Environmental infrastructure	100	180 days overdue	Continuous follow ups are being made with no tangible commitment to settle.
City of Johannesburg: Community Development	82 491	180 days overdue	R6,6 mil is current. Challenge to settle overdue amount due to CoJ system maintenance
City of Johannesburg: Legislature	33 508	180 days overdue	R2,5 mil is current. A commitment has been made to settle the account

Name of department	30 June 2023 R'000	Account Status	Comments
City of Johannesburg: JMPD	23 669	180 days overdue	R5mil is current. A commitment made to settle old balance
City of Johannesburg: EMS	19 822	180 days overdue	Settlement of R5mil was made in the quarter, R8mil is current
City of Johannesburg- Social Development	1 193	180 days overdue	Follow ups have been made with departments.
City of Johannesburg: Licencing	4 583	180 days overdue	Settlement was made in the quarter, R1,7mil is current
TOTAL	(982 723)		

CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the fourth quarter of the 2022/2023 financial year, Internal Audit completed all the planned reviews but one which is still in reporting stage (Review of the Interim Financial Statements). Refer to **Table** for the detailed Internal Audit Plan. The following audits were completed in the fourth quarter:

- Revenue and Debtors Management Audit.
- Business Continuity Audit
- Housing Maintenance and Portfolio Management Audit
- Recruitment, Selection and Termination Audit
- 10 Tender Probity Reviews.
- Follow-up on Internal Findings
- Follow – up on AGSA Findings

The table below is the approved Internal Audit Plan for the 2022/2023 financial year, and it further indicates the progress:

Table 56: Approved Internal Audit Plan for 2022/23 FY

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
1	Recruitment and Termination Audit			X		Completed
2	Health and Safety Audit		X			Completed
3	Review of the Annual Financial Statements	X				Completed
4	Review of the Interim Financial Statements				X	Reporting Stage
5	Supply Chain Management Audit			X		Completed
6	Revenue and Debtors Management Audit				X	Completed
7	Financial Discipline Review			X		Completed
8	Tender Probity Review	X	X	X	X	Continuous
9	Housing Development Audit		X			Completed
10	Housing Maintenance and Portfolio Management Audit				X	Completed
11	Leasing Management Audit	X				Completed
12	Performance Information Review	X		X		Completed

No.	Planned Audits	Quarter				Progress
		Q1	Q2	Q3	Q4	
13	Risk Management Audit		X			Completed
14	Business Continuity Audit	X			X	Completed
15	Service Level Standard Review	X	X	X	X	Continuous
16	Follow-up on Internal Audit Findings	X	X	X	X	Continuous
17	Follow-up on AG Findings	X		X	X	Continuous
18	UIFW Expenditure Investigations	X	X	X	X	Continuous

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

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

Table 57: Resolution of Internal Audit Findings per quarter

Current Year: 2022/23			
FY	Findings Raised	Resolved	% Resolved
Opening Balance 2022/23	38		
Q1	32	34	49%
Q2	36	46	75%
Q3	9	24	90%
Q4	11	19	98%
Total	126	123	98%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table below indicates the External Audit Findings, and it differentiates them between the findings affecting the audit and those not affecting the audit:

Table 58: External Audit Findings

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting the auditor's opinion	4	1	3
Other important matters	16	14	2
Administrative matters	0	0	0
Total	20	15	5
%	100%	75%	25%

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

In the fourth quarter of the 2022/2023 financial year, Internal Audit completed three (3) audits, ten (10) probity reviews and two (2) follow-up reviews. Based on the findings raised in these 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 archived.