

“WE  
DELIVER  
AFFORDABLE  
AND SUSTAINABLE  
SOCIAL HOUSING  
IN JOBURG”



## JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD

FOURTH QUARTER PERFORMANCE REPORT FOR THE 2021/2022 FINANCIAL YEAR.

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

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

**COMPANY INFORMATION:**

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

**Registered Address** : **61 JUTA STREET**  
**Braamfontein**

**Postal Address** : **61 JUTA STREET**  
**Braamfontein**

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

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

**E-mail** : **[info@joshco.co.za](mailto:info@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.



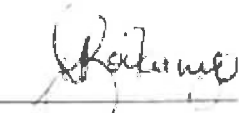

**Mandate**

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<br/>Ndimande</u><br/>Name &amp; Surname<br/>Chief Financial Officer</p>    | <p><u></u><br/>Signature</p>   | <p>Date of Approval: <u>28/07/2022</u></p> |
| <p><u>MOLAPANE MOTHOMANA</u><br/>Name &amp; Surname<br/>Acting Chief Executive Officer</p> | <p><u></u><br/>Signature</p>  | <p>Date of Approval: <u>28/07/2022</u></p> |
| <p><u>Gaby Bockamp</u><br/>Name &amp; Surname<br/>Chairperson of the Board</p>             | <p><u></u><br/>Signature</p> | <p>Date of Approval: <u>28-07-2022</u></p> |
| <p><u>Mlungisi NABISO</u><br/>Name &amp; Surname<br/>Member of Mayoral Committee</p>       | <p><u></u><br/>Signature</p> | <p>Date of Approval: <u>29/07/2022</u></p> |

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### SECTION 1: CHAIRPERSON'S FOREWORD

JOSHCO aims to fulfil its organisational core mandate and objectives. These objectives are to develop and manage affordable Social Housing units that are fully let; collect rentals; keep tenants happy & satisfied with exceptional service as well as ensure that buildings are clean, safe, well-kept and operate efficiently. JOSHCO aims to be the number one and preferred Social Housing Institution in the country.

The Board remains extremely concerned with the organisation's continued poor financial performance. A turn-around strategy is being put in place, to improve financial sustainability; reduce costs; increase organisational efficiency; strengthen stakeholder engagement & management system and streamline internal operations, controls & processes. Revenue enhancement strategies and stringent cost cutting measures are being put in place. A more focused and performance driven plan for debt collection, has been implemented. Different income streams have also been targeted. The Board's vision of shaping an honest, ethical, customer centric and performance driven culture within the organisation, is gaining momentum. The Board is optimistic that JOSHCO will achieve its objectives in the new financial year.

In the fourth quarter, the entity managed to spend 98% Capital Expenditure against a 95% Capital Expenditure Budget. This is 29% more than the percentage Capital Expenditure achieved in Q3. This unprecedented success is attested to the implementation of the Board's strategic interventions, in amongst others, improving and optimising internal controls. Aligning the organisational structure to the Board's strategy and vision, by streamlining core functions, is beginning to yield positive results.

To this end, the process of filling key executive positions, is underway. There is slight improvements in CAPEX spent on SMMEs for the quarter. A concerted effort is made to reach a wider SMME base, inclusive of women, youth and ex-combatants. Big strides in improving and enhancing Stakeholder Engagement and Management strategy, have been achieved in this quarter.

Looking ahead, the Board remains steadfast in fulfilling its stewardship and governance roles and take a forward-looking approach to the challenges and opportunities of a dynamic; technology-driven; innovation oriented; globalised future. The Board wishes to express its appreciation to Cllr MMC Mlungisi Mabaso for his leadership and continued support.

**Ms Gaby Boikanyo**  
**Chairperson: JOSHCO Board of Directors**

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

The delivery of Social Housing and inducements on affordable rental accommodation is key element of the delivery agreement on sustainable human settlements and improved quality of household life in South Africa<sup>1</sup>. JOSHCO is rated number one Social Housing institution in terms of number of units that are under its management, and it is critical that an institution of this magnitude claim a position in driving the Social Housing mandate, not just in Gauteng, but in the country. As the accounting officer, I acknowledge the underperformance that was presented by the entity throughout the financial year (FY). However, I commit to realign the entity, its mandate and budget with the Social Housing objective of providing housing for low-to-medium income persons and that excludes immediate individual ownership. JOSHCO aims to contribute to the broader perspective of inner-city regeneration and of developing low-to-medium income housing opportunities in proximity to workplaces there by cutting commuting costs, time and risks, and contributing to overcoming spatial segregation. This will be achieved through aligning our housing development plans with the transit-oriented development (TOD) plan of the City of Johannesburg.

In her budget speech, the minister of Human Settlement Hon. Mmamoloko Kubayi clearly articulated the role that Social Housing institutions can play to address the overwhelming demand for Social Housing and student accommodation. Furthermore, the applicable subsidy quantum have been revised from what existed in 2018, by 20.9 percent and the income bands from households earning an income between R1 500 to R15 000 to R1 850 to R22 000 gross monthly income. The entity has commenced with programmes that intend to strengthen the working relationship with the Social Housing Regulatory Authority (SHRA) in order to take advantage of the revised offering that will lead to JOSHCO delivering Social Housing units at large scale. The minister's budget speech echoed his Excellency President Cyril Ramaphosa's announcement that R64bn of the R700bn from the Infrastructure Fund will be spent on Social Housing and student accommodation.

With all this government interventions presented to us, Social Housing Institutions, and additional support that JOSHCO receives from the city, management with the support of the Board commit to position JOSHCO as a driver of the infrastructure and applicable subsidies in the development of Social Housing projects while building the student accommodation portfolio, the portfolio that JOSHCO has commenced implementing on behalf of the city.

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<sup>1</sup> National Development Plan



Lastly, I would like to thank the Board of Directors and the MMC of Human Settlement department Councilor Mlungisi Mabaso for affording me this opportunity to contribute to the human settlement sector through the development and management of the Social Housing in the City of Johannesburg.

**Mr. Molapane Mothotoana**  
**Acting Chief Executive Officer**

### **SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT**

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

#### **Revenue Report**

The biggest contributor to revenue is rental income making up 53% of total revenue. Total revenue is 3% (R8.6 million) above budget. The main reason for revenue being above budget is Management fees which are 23% (R16.7 million) above budget due to increased projects on behalf of other departments.

The entity's collection levels continue to decrease, it has collected 56% for current tenant rentals against a collection target of 90% for the current financial year. The reasons for the continued low rental collection were rent boycott campaigns from organised tenants' groups demanding ownership and dissatisfaction management of the projects. A tenant engagement programme led by the acting CEO and in collaboration with SHRA, ward councillors and the MMC's office is being implemented to encourage rent payment and address service delivery issues. The company uses the services of a debt collecting company to collect debt over 90 days. For the quarter under review, the company has collected R4.3 million (1.9%) from the R229.5 million handed over to them for collection. An additional four new debt collection companies have been appointed to extend the debt collection resources.

#### **Financial Performance**

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2022 resulted in a deficit of R105 million. The deficit is as a result of 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 R628 million funded from the external funding sources and capital reserves. Implementation is as per the following programmes:

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

As at 30 June 2022 JOSHCO's verified spent for the quarter under review is 98% against a target of 95%.

**Ms Nontobeko Ndimande**  
**Chief Financial Officer**

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



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

The Johannesburg Social Housing Company SOC Ltd (JOSHCO) was established in November 2003 as one of the entities of 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 housing backlog of CoJ. JOSHCO is a registered Social Housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The core business of JOSHCO includes: the development of social rental housing; refurbishments, upgrading and management of Council owned rental housing properties (including hostels); housing management and the refurbishment, conversion, and management of Inner-City buildings into Social Housing units. As a Municipal Owned Entity, JOSHCO is required to comply with all the relevant legislation (such as Municipal Finance Management Act; Municipal Systems Act and the Companies Act). The policies and strategy of JOSHCO are strongly influenced by the vision of CoJ as outlined in its long-term plans.

## **SECTION 5: STRATEGIC OBJECTIVES**

- 1.1 Become a financially sustainable entity.
- 1.2 Contribute towards economic development through SMMEs Support and Job creation
- 1.3 Develop Social Housing projects within transport corridors, Inner-City and Greenfield (including suburbs and economic hubs).
- 1.4 Become a customer-centric company.
- 1.5 Strengthen governance and compliance.
- 1.6 Improve the safety and security of all tenants in JOSHCO projects.
- 1.7 Effectively manage Social Housing projects.

## **SECTION 6: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY**

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

## **SECTION 7: SUSTAINABILITY REPORT**

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

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

JOSHCO commits to the objective of transforming the South African economy through equal opportunities for all and the advancement of Historically Disadvantaged Individuals (HDIs) and Small, Medium and Micro Enterprises (SMMEs). This is achieved through allowing subcontracting of SMMEs during construction and their involvement in the upkeeping of the projects once tenanted. In the fourth quarter 16% against a target of 30% of capital spent on construction was spent on SMMEs which is an improvement from what the entity has been recording in the past quarters.

JOSHCO also participate in ensuring that the City achieve its EPWP programme undertaken to reduce unemployment and facilitate socio economic development of the Citizen of Johannesburg. To date JOSHCO has created 503 job opportunities from various projects through EPWP programme.

## CHAPTER TWO: GOVERNANCE

### SECTION 1: BOARD OF DIRECTORS

The Board of Directors of JOSHCO is presided over by a Non-Executive Director (Chairperson) Ms. Gaby Boikanyo who was appointed through a resolution of the annual general meeting (AGM) which was held on 15 February 2022 together with 9 non-Executive Directors and 3 Independent Audit Members (ARC). Table 1 below has listed the nine (9) Non-Executive Directors, two (2) Executive Directors and three (3) Independent Audit Committee members.

Through its annual work programme, the Board of Directors monitors strategy implementation, and is kept abreast of the achievements and risks associated with the achievement of the strategy.

**Table 1: Board Composition as at 30 June 2022**

| Member(s)                                      | Capacity               | Gender | Status                  | Qualifications  |
|--|------------------------|--------|-------------------------|---|
| Ms Gaby Boikanyo<br><b>(Board Chairperson)</b> | Non-Executive Director | F      | Active                  | B Computer Science, ND Analytical chemistry   |
| Mr Theodore Dhlamini                           | Non-Executive Director | M      | Active                  | Leadership training and certificate in engineering hand skills  |
| Mr Jason Sobekwa                               | Non-Executive Director | M      | Active                  | B Accounting, PG Dip: Financial Management and CIMA   |
| Mr Moerane Maimane                             | Non-Executive Director | M      | Active                  | Diploma, Bachelor, Honours degree in Public Administration, MBA & CDSA  |
| Mr Xolani Dlwathi                              | Non-Executive Director | M      | Active                  | Diploma, Honours and master's degree in theology  |
| Mr Themba Mamba                                | Non-Executive Director | M      | Active                  | Matric and higher certificate in supervision  |
| Dr Kentse Sesele                               | Non-Executive Director | F      | Active                  | B Social Science, Honours in local economic development, Master and PHD in town and regional planning                         |
| Karabo Modipane                                | Non-Executive Director | M      | Active                  | Masters in Business Administration, BSc Computer Sciences, BSc (Hons) Computer Sciences, CISA, Development Leadership Program |
| Sumesh Varghese                                | Non-Executive Director | M      | Active                  | NQF Level 8 – SAQA verified, Financial acumen, Business Development, Business Strategy  |
| Ms Sebongile Bhengu                            | Non-Executive Director | F      | Retired<br>15 Feb<br>22 | Matric and certificate in Theology  |

| Member(s)                        | Capacity                    | Gender | Status                  | Qualifications   |
|----------------------------------|-----------------------------|--------|-------------------------|--|
| Ms Brenda Makhanya               | Non-Executive Director      | F      | Retired<br>15 Feb 22    | Matric and certificate in Business Administration  |
| Mr Siphwe Mhlongo                | Non-Executive Director      | M      | Retired<br>15 Feb 22    | Matric and Diploma in Risk Management  |
| Ms Debbie Raphuti                | Non-Executive Director      | F      | Retired<br>15 Feb 22    | Diploma in Nursing Science, PG Dip in strategic diplomacy and transitional justice, Master of Business Administration and Master of public management and governance |
| Ms Eugenia Motloung              | Non-Executive Director      | F      | Retired<br>15 Feb 22    | Extended programme UNISA and N Dip Public Relations  |
| Mr Victor Rambau                 | Executive Director (CEO)    | M      | Resigned<br>17 May 2022 | B Tech Production and Operations, MAP and MBA  |
| Molapane Mothotoana              | Executive Director (ACEO)   | M      | Active                  | M Tech: Public Management, B. Tech: Public Management, N. Diploma: Municipal Administration  |
| Ms Nontobeko Ndimande            | Executive Director (CFO)    | F      | Active                  | CA (SA)  |
| <b>Independent Audit Members</b> |                             |        |                         |  |
| Mr Lesetsa Matshekga             | Independent Audit Committee | M      | Active                  | MBA, B Com Honours Finance, B Com Economics a  |
| Mr M Mokgobinyane                | Independent Audit Committee | M      | Active                  | Master's in accounting science, B Com Accounting, B Com Honours Accounting   |
| Mr Ernest Khosa                  | Independent Audit Committee | M      | Active                  | Higher Diploma in Company Law, Bachelor of Arts, BA Honours, Master of Science and LLB   |
|                                  |                             |        |                         |  |

## 1.2 BOARD AND COMMITTEE MEETINGS ATTENDANCES

During the fourth quarter, JOSHCO held 3 Board meetings, 1 Development Committee meetings, 1 Social, Ethics & HR Committee meetings and 1 Audit and Risk Committee meetings. The table below depicts the year-to-date number of meetings attended by members and details of attendance of members in various meetings.



**Table 2: Board and Committee Meetings Attendances during the Fourth Quarter**

| Board of Director         | Board      |        |           | Development |        |           | Social and Ethics |        |           |
|---------------------------|------------|--------|-----------|-------------|--------|-----------|-------------------|--------|-----------|
|                           | Attendance | Absent | Apologies | Attendance  | Absent | Apologies | Attendance        | Absent | Apologies |
| <b>Number of Meetings</b> | <b>16</b>  |        |           | <b>9</b>    |        |           | <b>9</b>          |        |           |
| Mr V Rambau               | 13         | -      | -         | 9           | -      | -         | 8                 | -      | -         |
| Mr M. Mothotoana          | 1          | -      | -         | 1           | -      | -         | 1                 | -      | -         |
| Ms Nontobeko Ndimande     | 15         | -      | -         | 9           | -      | -         | 9                 | -      | -         |
| Mr T Dhlamini             | 16         | -      | -         | 3           | -      | -         | -                 | -      | -         |
| Mr X Dlwathi              | 16         | -      | -         | 8           | -      | -         | 9                 | -      | -         |
| Ms G Boikanyo             | 16         | -      | -         | -           | -      | -         | -                 | -      | -         |
| Mr M Maimane              | 16         | -      | -         | -           | -      | -         | 9                 | -      | -         |
| Mr J Sobekwa              | 16         | -      | -         | -           | -      | -         | -                 | -      | -         |
| Ms S Bhengu               | 9          | -      | -         | -           | -      | -         | 5                 | -      | -         |
| Ms B Makhanya             | 9          | -      | -         | -           | -      | -         | 5                 | -      | -         |
| Mr S Mhlongo              | 9          | -      | -         | -           | -      | -         | 5                 | -      | -         |
| Mr T Mamba                | 16         | -      | -         | 6           | -      | -         | 4                 | -      | -         |
| Adv Nikelo Bangisi        | 9          | -      | -         | 6           | -      | -         | -                 | -      | -         |
| Ms Eugenia Motloung       | 9          | -      | -         | -           | -      | -         | 5                 | -      | -         |
| Ms Debbie Raphuti         | 9          | -      | -         | -           | -      | -         | 5                 | -      | -         |
| Dr Kentse Sesele          | 16         | -      | -         | 6           | -      | -         | 4                 | -      | -         |
| Karabo Modipane           | 7          | -      | -         | 3           | -      | -         | -                 | -      | -         |
| Sumesh Varghese           | 6          | -      | -         | 3           | -      | -         | -                 | -      | -         |

**Table 3: Audit & Risk Committee Meetings Attendances held during the Fourth Quarter**

| Names of Audit Committee Members | Audit and Risk Committee |        |           |
|----------------------------------|--------------------------|--------|-----------|
|                                  | Attendance               | Absent | Apologies |
| <b>Number of Meetings</b>        | <b>9</b>                 |        |           |
| Ernest Khosa                     | 7                        | 0      | 0         |
| Lesetsa Matshekga                | 9                        | 0      | 0         |
| Moshupi Mokgobinyane             | 9                        |        |           |
| Victor Rambau (CEO)              | 9                        | 0      | 0         |
| Nontobeko Ndimande (CFO)         | 9                        | 0      | 0         |

### 1.3 BOARD COMMITTEES

The Board has formed the following Committees, each of which is presided by a Non-Executive Director.

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

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

#### 1.3.1 Audit & Risk Committee

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

The Committee consist of the following members: -

Mr. E Khosa Independent Audit Committee Member (Chairperson until 11 March 2022)

Mr. L Matshekga Independent Audit Committee Member

Mr. M Mokgobinyane Independent Audit Committee Member

#### Audit and Risk Committee from 11 March 2022

Mr. J. Sobekwa Non-Executive Director (Chairperson)

Mr. E Khosa Independent Audit Committee Member

Mr. L Matshekga Independent Audit Committee Member

Mr. M Mokgobinyane 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.
- Identify financial, business and operational risk areas of the company to be covered in the scope of internal and external Audits.
- Ensure that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitor and review the effectiveness of the Internal Audit function.
- Oversee the relationship of the company with the Auditor General of South Africa.

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

### 1.3.2 Social, Ethics, and Human Resource Committee

The Committee consists of the following members: -

|                |  |
|----------------|--|
| Mr. M Maimane  | Non-Executive Director (Chairperson 11 March 2022) |
| Ms. B Makhanya | Non-Executive Director                             |
| Ms. S Bhengu   | Non-Executive Director                             |
| Mr. S Mhlongo  | Non-Executive Director                             |
| Ms. D Raphuti  | Non-Executive Director                             |
| Ms. E Motloung | Non-Executive Director                             |

#### Social, Ethics &HR Committee from 11 March 2022

|                  |                                      |
|------------------|--------------------------------------|
| Dr Kentse Sesele | Non-Executive Director (Chairperson) |
| Mr. M Maimane    | Non-Executive Director               |
| Rev. X. Dlwathi  | Non-Executive Director               |
| Mr. T. Mamba     | Non-Executive Director               |

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

- Review reporting concerning risk management that gets included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Select an appropriate comparative source when comparing remuneration levels.
- Advise on the remuneration of non-executive directors.
- Management development and succession plans for executive levels; and
- Make recommendations to the Board where necessary or take approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- The Environment, Health and Public Safety.
- Consumer Relationships.
- Labour and Employment.
- To draw matters to the attention of the Board as occasion requires.
- To report to the Shareholder at the AGM on matters within its mandate.

### 1.3.3 Development Committee

The Committee consists of the following members: -

|                |   |
|----------------|---|
| Ms. G Boikanyo | Non- Executive Director (Chairperson 11 March 2022) |
| Mr. X Dlwathi  | Non- Executive Director                             |
| Mr. J Sobekwa  | Non- Executive Director                             |
| Mr. T Mamba    | Non-Executive Director                              |

|                |                         |
|----------------|-------------------------|
| Dr. K Sesele   | Non- Executive Director |
| Adv. N Bangisi | Non-Executive Director  |

#### Development Committee from 11 March 2022

|                 |                                       |
|-----------------|---------------------------------------|
| Mr. T. Dhlamini | Non- Executive Director (Chairperson) |
| Mr. K Modipane  | Non-Executive Director                |
| Mr. S. Varghese | Non-Executive Director                |
| Rev. X. Dlwathi | Non-Executive Director                |

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

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

#### 1.4 DIRECTORS AND PRESCRIBED OFFICER'S REMUNERATION

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

**Table 4: Previous Board of Directors Remuneration as at 30 June 2022**

| Name                 | Designation            | Remuneration      |
|----------------------|------------------------|-------------------|
| Mr Theodore Dhlamini | Non-Executive Director | R263 000          |
| Mr Xolani Dlwathi    | Non-Executive Director | R256 000          |
| Mr Siphwe Mhlongo    | Non-Executive Director | R82 000           |
| Mr Moerane Maimane   | Non-Executive Director | R212 000          |
| Mr Themba Mamba      | Non-Executive Director | R216 000          |
| Ms Sebongile Bhengu  | Non-Executive Director | R106 000          |
| Ms Brenda Makhanya   | Non-Executive Director | R108 000          |
| Ms Gaby Boikanyo     | Non-Executive Director | R274 000          |
| Mr Jason Sobekwa     | Non-Executive Director | R256 000          |
| Ms Eugenia Motloung  | Non-Executive Director | R108 000          |
| Mr Nikelo Bangisi    | Non-Executive Director | R114 000          |
| Ms Debbie Raphuti    | Non-Executive Director | R106 000          |
| Ms Kentse Sesele     | Non-Executive Director | R252 000          |
| Mr Karabo Modipane   | Non-Executive Director | R108 000          |
| Mr Sumesh Varghese   | Non-Executive Director | R108 000          |
| <b>Total</b>         |                        | <b>R2 539 000</b> |

Fees includes payment of adhoc Board Committee meetings.

**Table 5: Independent Audit Members Remuneration as at 30 June 2022**

| Name                    | Designation              | Remuneration    |
|-------------------------|--------------------------|-----------------|
| Mr Moshupi Mokgobinyane | Independent Audit Member | R64 000         |
| Mr Lesetsa Matshekga    | Independent Audit Member | R82 000         |
| Mr Ernest Khosa **      | Independent Audit Member | R166 000        |
| <b>Total</b>            |                          | <b>R312 000</b> |

NB: \*\*Member fees included attendance of Group Audit and Group Risk Committees, Board and Committee meetings.

**Table 6: Executive Management Remuneration as at 30 June 2022**

| Name                       | Designation               | Remuneration          |
|----------------------------|---------------------------|-----------------------|
| Mr Victor Rambau           | Chief Executive Officer   | R 2 882 635.25        |
| Ms Nontobeko Ndimande      | Chief Financial Officer   | R 1 371 204.00        |
| Ms Livhalani Nemaungani    | EM: Strategy and Planning | R 1 248 463.68        |
| Ms Nkululeko Magubane      | EM: Housing Development   | R 1 370 199.96        |
| Ms Kedumetsi Mokhampanyane | EM: Corporate Services    | R 1 285 247.56        |
| Mr Ronald Mutheiwane       | EM: Housing Management    | R 1 181 775.16        |
| Ms Xolile Njapha           | Company Secretary         | R 659 461.79          |
| <b>Total</b>               |                           | <b>R 9 998 987.40</b> |

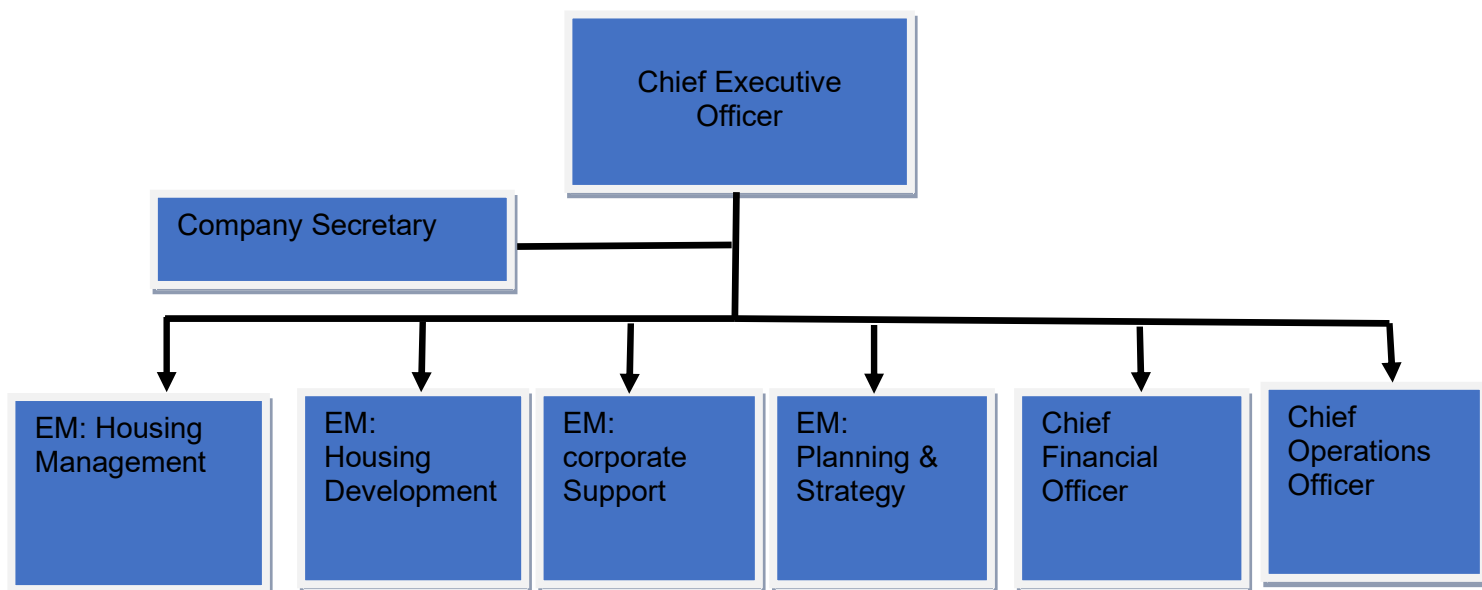
## 1.5 COMPANY SECRETARIAL FUNCTION

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

## SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE

This diagram demonstrates how the core business of JOSHCO feeds into the different divisions/departments within the organisation. JOSHCO Core Business comprises of two departments, which is the Housing Development responsible for construction and development of projects: and Housing Management responsible for property management, tenancing and community development.

The remaining departments are support functions such as Finance, Legal, Strategy and Human Resources.



*Figure 2: High Level Structure*

### **SECTION 3: RISK MANAGEMENT**

The overall oversight role of risk management is vested with the Board of Directors in that the Board is required by Principle 11 of the King IV report to govern risk in a way that supports the organisation in setting and achieving strategic objectives. To that end, each strategic objective is assessed to identify risks that threatens their achievement. In exercising the risk governance responsibility, the risk control implementation plans were reviewed in the quarter. The table below reflects the results of the risk control strategies implemented in the quarter in aiding the achievement of objectives. Furthermore, an internal Operational Risk and Compliance Committee met in the quarter to review operational risk registers. The purpose of the Committee is to assist EXCO in managing the control environment at operational level and to ensure that, audit findings are reduced by implementing mitigation controls timeously.

#### **3.1 RISK ESCALATION METHODOLOGY**

The risk framework provides guidance on which risks should be escalated to the various governance Committees within JOSHCO. The process implementers which are functional departments assess the risks and Heads of departments as process owners report on the risks results at the Executive Committee and Audit & Risk Committee. The Audit & Risk Committee Chairperson escalates the assessment results to the Board of Directors and to the Group Risk Committee at the City for oversight.

The Audit & Risk Committees' role is to identify business risks that could potentially have a negative impact on both objectives and the company's operations and advise the Board of possible mitigating strategies.

### 3.2 CORPORATE RISK ARCHITECTURE



Figure 3: Risk Architecture

### 3.3 JOSHCO'S TOP 5 RISKS:

#### 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       | Lack of cooperation by SMME's.                                 | Very High     | Medium              |
| 4       | Failure to develop, attract and/or retain talent.              | Very High     | High                |
| 5       | Business Interruption  | Very high     | Very high           |



The above table reflects the top 5 risks that are facing the organisation as of 30 June 2022. These risks are inherent in nature and have influence in the achievement of strategic objectives and robust control environment.

### 3.4 INFORMATION ON EMERGING/ NEW RISKS

The regularisation and renewal of rental leases were met with resistance by tenants at various projects, some of whom claimed to have signed rent-to-own leasing agreements, according to JOSHCO officials. Because there are no lease agreements in place and tenants are not paying their rent, the risk could lead to further downgrades by SHRA. However, the effort to transfer city referral and former employees hostel stock back to the city is noted.

### 3.5 STRATEGIC RISK STATUS





#### 3.5.1 Progress in the Implementation of Mitigating Controls as at 30 June 2022.

The table below lists the risks as reflected in the strategic risk register in which their mitigation actions are due for reporting as at 30 June 2022: -

#### Legends

|  |  |
|--|--|
|  | <b>Residual risk is extremely high</b> |
|  | <b>Residual risk is high</b>           |
|  | <b>Residual risk is moderate</b>       |
|  | <b>Residual risk is low</b>            |

The following legend is applied to denote the risk mitigation progress in 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 2022.**


| Risk Ref | JOSHCO Risk                               | Residual Risk Rating at 30 June 2021 | Residual Risk Rating Q3 | Residual Risk Rating Q4 | Action(s) to improve management of risk.   | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigation implemented/ total identified) | Appetite                             | Tolerance                        | Risk appetite Assessment  | Risk appetite Assessment   | Residual risk movement analysis  |
|----------|---|--------------------------------------|-------------------------|-------------------------|--|---|------------------------|---|--------------------------------------|----------------------------------|---|--|--|
|          |   |                                      |                         |                         | Q3   | Q4  |                        |   |                                      |                                  |   |  |  |
| 1        | Inability to continue as a going concern. | H                                    | VH                      | VH                      | 1. Installation and activation of Biometrics system at entrance to deny illegal tenants access to JOSHCO properties. The system will also work as a tool manage rental defaulters. | 1. The process of installation of Biometric systems in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway, currently 12 of 20 (60%) have been completed. It is envisaged that enrolment will be done by end of July 2022. | ↓                      | 5/5   | 90% of the current rental collection | 85% of current rental collection | Rental collection as at 28 February 2022 is at 57% which is way below appetite and tolerance of 90% and 85% more robust interventions required. | Rental collection as at 31 April 2022 is at 56% which is way below appetite and tolerance of 90% and 85% more robust interventions required. | All five (5) mitigation action were implemented during the financial year; however, the residual risk remains high due to non-achievement of the risk appetite and tolerance level.<br><br>More robust mitigation actions for 2022/23 FY were identified focusing on the reduction of high cost identified as root cause for underperformance of ratios. |
|          |   |                                      |                         |                         | 2. Robust tenants engagement drives to understand tenants needs with the aim of improving customer satisfaction and  | 2. Tenants engagement events have been conducted with the aim to educate tenants, amongst others, their role and responsibilities. In the quarter five projects   |                        |   | Breakeven point                      | Expenses exceeding income by 5%  | Expenses exceed income by 31% way above the appetite and  | Expenses exceed income by 31% way above the appetite and   |  |

| Risk Ref | JOSHCO Risk | Residual Risk Rating at 30 June 2021 | Residual Risk Rating Q3 | Residual Risk Rating Q4 | Action(s) to improve management of risk.   | Progress on each action item as at end of the quarter.   | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite           | Tolerance | Risk appetite Assessment  | Risk appetite Assessment  | Residual risk analysis | risk movement |
|----------|-------------|--------------------------------------|-------------------------|-------------------------|--|--|------------------------|--|--------------------|-----------|---|---|------------------------|---------------|
|          |             |                                      |                         |                         | Q3   | Q4   |                        |  |                    |           |   |   |                        |               |
|          |             |                                      |                         |                         | revenue.   | were visited.  |                        |  |                    |           | tolerance level of BEP  | tolerance level of BEP.   |                        |               |
|          |             |                                      |                         |                         | 3. Appointment of a service provider for installation of prepaid vending solution to transfer high electricity bill directly to Tenants. Two (2) were targeted due to budget constraint. | 3. Prepaid vending solution went live on 11 November 2021 on pilot basis for Dobsonville and Turffontein project. The implementation is ongoing. The service provider trained JOSHCO management team about the system.   |                        |  | current ratio 1:1  | Zero      | The current ratio is at 1:0.80 not within the appetite level ratio of 1:1 | The current ratio is at 1:0.80 not within the appetite level ratio of 1:1 |                        |               |
|          |             |                                      |                         |                         | 4. Appointment of service providers to assist with outdoor advertising to increase revenue.  | 4. Service provider was appointed in November 2021. And Contracting has been concluded. The service provider done the development of the building wrap structures for advertisement at AA House and is now in the process of the development of Union square building. The |                        |  | solvency ratio 1:1 | Zero      | The solvency ratio is at 1:0.82 not within the appetite level of 1:1      | The solvency ratio is at 1:0.82 not within the appetite level of 1:1      |                        |               |

| Risk Ref | JOSHCO Risk | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk. | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment | Risk appetite Assessment | Residual risk analysis | risk movement |  |
|----------|-------------|--------------------------------------|----------------------|----------------------|--|---|------------------------|--|----------|-----------|--------------------------|--------------------------|------------------------|---------------|--|
|          |             |                                      | Q3                   | Q4                   |  |   |                        |  |          |           | Q3                       | Q4                       |                        |               |  |
|          |             |                                      |                      |                      |  | <p>following are the next developments proposed:</p> <ul style="list-style-type: none"> <li>a) MBV</li> <li>b) African Diamond</li> <li>c) Raschers and</li> <li>d) Phoenix House.</li> </ul> <p>The second phase of implementation will be signing of leases with the marketing companies for utilizing the space.</p> |                        |  |          |           |                          |                          |                        |               |  |

| Risk Ref | JOSHCO Risk | Residual Risk Rating at 30 June 2021 | Residual Risk Rating Q3 | Residual Risk Rating Q4 | Action(s) to improve management of risk.                                     | Progress on each action item as at end of the quarter.   | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite                    | Tolerance | Risk appetite Assessment  | Risk appetite Assessment  | Residual risk analysis | risk movement |
|----------|-------------|--------------------------------------|-------------------------|-------------------------|--|--|------------------------|--|-----------------------------|-----------|---|---|------------------------|---------------|
|          |             |                                      |                         |                         |  |  |                        |  |                             |           | Q3  | Q4  |                        |               |
|          |             |                                      |                         |                         | 5. Replacement of physical security with technology to curb high staff cost. | 5. The process of installation of Biometric systems in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway, currently 12 of 20 (60%) have been completed. It is envisaged that enrolment will be done by end of July 2022. JOSHCO is in the process of procurement of cloud data storage to safeguard tenants' personal information in compliance with POPIA. |                        |  | Cost coverage ratio 50 days | Zero      | The cost of coverage is currently at -356 days which is way out of the appetite level of 50 days and tolerance level of Zero. More robust interventions required. | The cost of coverage is currently at -356 days which is way out of the appetite level of 50 days and tolerance level of Zero. More robust interventions required. |                        |               |

| Risk Ref | JOSHCO Risk         | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.  | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment   | Risk appetite Assessment   | Residual risk analysis  |
|----------|---------------------|--------------------------------------|----------------------|----------------------|---|---|------------------------|--|----------|-----------|--|--|---|
|          |                     |                                      | Q3                   | Q4                   |   |   |                        |  |          |           | Q3   | Q4   |   |
| 2        | Governance Failures | M                                    | M                    | L                    | <p>1. Appointment of ethics champion to drive and instill ethical culture throughout the organisation. 30 July 2021</p> <p>2. Annual review of internal controls. 30 July 2022.</p> | <p>1. A resolution has been taken to have an ethics champion in the organisation and the Risk Manager was temporarily appointed as ethics officer. Going forward every department will have Ethics champions that will work closely with the Ethics Officer. Ethics champions to undergo training.</p> <p>2. A policy register has been developed in Q4 with review dates. The COSEC will monitor the register on a monthly basis. The following policies will be tabled to the Board in Q4 for review:<br/>a) Housing allocation Policy;<br/>b). ICT Policy<br/>c). Acquisition Policy<br/>d). Housing</p> | ↓                      | 3/3  | 100%     | 95%       | No Audit findings therefore the entity is within the appetite and tolerance levels | No Audit findings therefore the entity is within the appetite and tolerance levels | All three (3) risk mitigation actions were achieved and there was no Audit finding raised on the governance risk. The risk was managed within appetite and tolerance level. |

| Risk Ref | JOSHCO Risk  | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.   | Progress on each action item as at end of the quarter.   | Residual Risk Movement  | Status (Mitigations implemented/ total identified) | Appetite                   | Tolerance                 | Risk appetite Assessment  | Risk appetite Assessment  | Residual risk analysis  | risk movement |  |
|----------|--|--------------------------------------|----------------------|----------------------|--|--|---|--|----------------------------|---------------------------|---|---|---|---------------|--|
|          |  |                                      | Q3                   | Q4                   |  |  |   |  |                            |                           | Q3  | Q4  |   |               |  |
|          |  |                                      |                      |                      |  | Management Policy.   |   |  |                            |                           |   |   |   |               |  |
|          |  |                                      |                      |                      | 3. Municipal supply chain regulations and Finance for non-financial managers training. 30 August 2021  | 3. All EXCO members and the SCM manager have completed the course at the University of Witwatersrand. They received their qualification on 10 June 2022.   |   |  |                            |                           |   |   |   |               |  |
| 3        | Failure to deliver capital projects on time and within budget. | H                                    | H                    | H                    | 1. Presentation and submission of JOSHCO contracts that are signed with service providers so that the budget office is aware of existing financial and contractual commitments by 30 July 2021.<br>2. Full enforcement of the contract and exercise JOSHCO remedial provisions. Ongoing. | 1. Signed contracts were submitted to the C.O.J Budget office and the office managed to cut the budget by only R20m instead of the planned R100m.<br>2. Contracts have and continue to be enforced by JOSHCO on various project i.e., terminations and |  | 3/3  | 100% of project completion | 75% of project completion | Work in Golden highway were in suspension for the Quarter, therefore it affected 100% implementation of quarterly activities. | Cancellation was instituted at Golden Highway and currently in the process of procuring a contractor in the quarter, therefore it | All three (3) mitigation actions were achieved; however, the residual risk remain high due to Projects stoppage which is outside the appetite and tolerance levels. |               |  |

| Risk Ref | JOSHCO Risk | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.   | Progress on each action item as at end of the quarter.   | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment | Risk appetite Assessment                              | Residual risk analysis | risk movement |
|----------|-------------|--------------------------------------|----------------------|----------------------|--|--|------------------------|--|----------|-----------|--------------------------|---|------------------------|---------------|
|          |             |                                      | Q3                   | Q4                   |  |  |                        |  |          |           | Q3                       | Q4  |                        |               |
|          |             |                                      |                      |                      |  | contract compliance on various projects. The Golden Highway project has been terminated. JOSHCO has already prepared tender documents and is ready to go out for tender.   |                        |  |          |           |                          |   |                        |               |
|          |             |                                      |                      |                      | 3. Thorough engagement with the community prior to the commencement project. Quarterly | 3. The Princess Plots project is progressing well. There are close engagements being conducted by the Social Facilitator who was brought onto site to assist in dealing with SMME demands and agreements on how best to package subcontract work has been reached. Nancefield - The Social Facilitator, Ward Counsellor and JOSHCO's stakeholder |                        |  |          |           |                          | affected 100% implementation of quarterly activities. |                        |               |




| Risk Ref | JOSHCO Risk                   | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.  | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment  | Risk appetite Assessment  | Residual risk movement analysis   |
|----------|-------------------------------|--------------------------------------|----------------------|----------------------|---|---|------------------------|--|----------|-----------|---|---|---|
|          |                               |                                      | Q3                   | Q4                   |   |   |                        |  |          |           | Q3  | Q4  |   |
|          |                               |                                      |                      |                      |   | manager are working closing trying to engage the community to allow project to continue.  |                        |  |          |           |   |   |   |
| 4        | Lack of cooperation by SMME's | H                                    | M                    | M                    | <p>1. Appointment of SETA accredited training providers to train SMME's and improve technical capacity on new projects. Quarterly</p> <p>2. Enforcement of the SMME's Contractual obligations. Ongoing.</p> <p>3. Continuous engagements with</p> | <p>1.The Social Facilitator and the main contractor continue to work closely with SMMEs to ensure that there is mutual understanding of what is expected from each one to deliver the expected works quality and to meet the programme.</p> <p>2. Contract is being enforced on an on-going basis to ensure that all parties do their part and finish the works as scheduled.</p> <p>3. SMMEs are being engaged on Nancefield</p> | ↓                      | 3/3  | Zero     | Zero      | There were no SMME's issues during the Quarter. Within appetite and tolerance levels. | There were no SMME's issues during the Quarter. Within appetite and tolerance levels. | All three (3) mitigation actions were achieved; the residual risk moved from high to medium. The risk is within the appetite and tolerance level. |

| Risk Ref | JOSHCO Risk   | Residual Risk Rating at 30 June 2021 | Residual Risk Rating Q3 | Residual Risk Rating Q4 | Action(s) to improve management of risk.   | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite       | Tolerance | Risk appetite Assessment  | Risk appetite Assessment   | Residual risk movement analysis   |
|----------|---|--------------------------------------|-------------------------|-------------------------|--|---|------------------------|--|----------------|-----------|---|--|---|
|          |   |                                      |                         |                         | Q3   | Q4  |                        |  |                |           |   |  |   |
|          |   |                                      |                         |                         | SMME's. Quarterly.   | and there is currently cooperation from all subcontractors. The labor desk is also assisting in ensuring that there is equity when it comes to the employment of labor especially local based ones.   |                        |  |                |           |   |  |   |
| 5        | Minimal Stakeholder and Customer Relations Management | M                                    | M                       | H                       | 1. Develop and implement stakeholder and customer relations strategy by 30 July 2021.<br>2. Proactive engagement with the communities through social media and physical meetings. Quarterly. | 1. The stakeholder and customer relations plan was developed and approved by Exco in July 2021. Implementation in progress.<br>2.1 JOSHCO started weekend sessions to engage tenants and attend to their issues.<br>2.2 The social media following number has improved to <b>3120</b> for Twitter in May while the Facebook following is still at <b>17000</b> . To | →                      | 3/3  | 7 working days | Zero      | Five (5) registered complains were not resolved within the appetite level of 7 days. There has been service delivery protests by Dobsonville residents in March | Five (5) registered complains were not resolved within the appetite level of 7 days. | All three (3) risk mitigations achieved, however the risk moved from medium to high due to increased number of stakeholder incidents and non-achievement of the Appetite and tolerance level of resolving complains withing 7 days. |

| Risk Ref | JOSHCO Risk | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.  | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment | Risk appetite Assessment | Residual risk analysis | risk movement |
|----------|-------------|--------------------------------------|----------------------|----------------------|---|---|------------------------|--|----------|-----------|--------------------------|--------------------------|------------------------|---------------|
|          |             |                                      | Q3                   | Q4                   |   |   |                        |  |          |           | Q3                       | Q4                       |                        |               |
|          |             |                                      |                      |                      |   | <p>further improve the social media following, Marketing and communication department has advertised the Request for Quotation (RFQ) to appoint an influencer on the 14th of April 2022 to promote JOSHCO's brand and services on all social networks, the advert closed 24 April 2022.</p> <p>3. Develop Tenant education manual to clearly outline the rules of JOSHCO and Tenants. 30 July 2021.</p> |                        |  |          |           | 2022.                    |                          |                        |               |
|          |             |                                      |                      |                      | 3. The Tenant Training Manual has been developed, edited, reviewed and approved in December 2021; the Tenant education has commenced and conducted through webinars in collaboration with SHRA and the City's Human Settlement Department. Tenant |   |                        |  |          |           |                          |                          |                        |               |

| Risk Ref | JOSHCO Risk                                | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.  | Progress on each action item as at end of the quarter.   | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment  | Risk appetite Assessment   | Residual risk movement analysis   |
|----------|--|--------------------------------------|----------------------|----------------------|---|--|------------------------|--|----------|-----------|---|--|---|
|          |  |                                      | Q3                   | Q4                   |   |  |                        |  |          |           | Q3  | Q4   |   |
|          |  |                                      |                      |                      |   | educations were held on the following dates:<br>a) 13 December 2021;<br>b) 12 February 2022;<br>c) 19 March 2022 and<br>d) 21 May 2022.  |                        |  |          |           |   |  |   |
| 6        | Theft, Injuries, vandalism, and Fatalities | M                                    | M                    | H                    | <p>1. Installation of buglers in existing and new projects. 30 December 2021</p> <p>2. Installation and activation of Biometrics system at entrance to improve access. 30 December 2021</p> | <p><b>Implementation date missed</b></p> <p>1. Buglers were not installed due to budget constraint ins 2021/22 FY. However, Housing Management is working with Finance to have the funding approved so that the bugler installation project may resume.</p> <p>2. The process of installation of Biometric systems in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway, currently 12 of 20 (60%) have been</p> | →                      | 3/6  | Zero     | Zero      | There were no cases reported in Q3 and therefore the entity is within the appetite and tolerance of Zero. | Three (3) cases were reported at Kliptown square in Q4 for the following<br>a) Theft of tenant's car batteries.<br>b) Damage to tenant property due to car colluding into the property.<br>c) One (1) case | Only four (4) out of six (6) mitigations actions were achieved during the financial year, the residual risk moved from medium to high due to increased number of fraud and corruption, theft and damage to property which is outside the tolerance level. |



| Risk Ref | JOSHCO Risk | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk. | Progress on each action item as at end of the quarter.   | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment | Risk appetite Assessment | Residual risk analysis  | risk movement |  |
|----------|-------------|--------------------------------------|----------------------|----------------------|--|--|------------------------|--|----------|-----------|--------------------------|--------------------------|---|---------------|--|
|          |             |                                      | Q3                   | Q4                   |  |  |                        |  |          |           | Q3                       | Q4                       |   |               |  |
|          |             |                                      |                      |                      |  | <p>completed. It is envisaged that enrolment will be done by end of July 2022.</p> <p>3. Installation of CCTV cameras that will be linked to Security control room. 30 December 2021</p> <p>4. Occupational Health and Safety (OHS) Committee to hold quarterly meetings to address weakness at projects and head office. Quarterly</p>  |                        |  |          |           |                          |                          |   |               |  |
|          |             |                                      |                      |                      |  | <p><b>Implementation date missed:</b></p> <p>3. The specifications for the CCTV cameras have been developed and submitted. However, the installation of CCTV cameras will be implemented in the financial year due to budget constraints.</p> <p>4. OHS committee meeting held on 22 June 2022. the following was discussed:</p> <p>a) Injury on duty (IOD).<br/> b) Health and safety training updates,<br/> c) Covid 19 stats and vaccination.</p> |                        |  |          |           |                          |                          | burglary resulting in damage to JOSHCO's property caused by a tenant car colliding into the property in Q4 at Textile which is out of our appetite and tolerance of Zero. |               |  |

| Risk Ref | JOSHCO Risk  | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk. | Progress on each action item as at end of the quarter.   | Residual Risk Movement  | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment | Risk appetite Assessment | Residual risk analysis                             | risk movement |  |
|----------|--------------|--------------------------------------|----------------------|----------------------|--|--|---|--|----------|-----------|--------------------------|--------------------------|--|---------------|--|
|          |              |                                      | Q3                   | Q4                   |  |  |   |  |          |           | Q3                       | Q4                       |  |               |  |
|          |              |                                      |                      |                      |  | <p>d) PPE updates (Housing Management).<br/>e) Site inspection.</p> <p>5. Develop Tenant education manual to clearly outline the rules of JOSHCO and Tenants. 30 July 2021.</p> <p>5. The Tenant Training Manual has been developed, edited, reviewed, and approved in December 2021; the Tenant education has commenced and conducted through webinars. Tenant educations were held on the following dates:<br/>a) 13 December 2021;<br/>b) 12 February 2022;<br/>c) 19 March 2022 and<br/>d) 21 May 2022.</p> <p>6. Development of Security policy. 30 August 2021</p> <p><b>Implementation date missed:</b><br/>6. The Security policy to be submitted the Board in Q4.</p> |   |  |          |           |                          |                          |  |               |  |
| 7        | Cyber attack | M                                    | H                    | M                    | 1. Employ an accredited                  | 1. The ICT department is in the process of   |  | 3/4  | Zero     | Zero      | There was one (1)        | No cyber-attack          | Only three (3) of four (4) mitigation actions were |               |  |


| Risk Ref | JOSHCO Risk | Residual Risk Rating at 30 June 2021 | Residual Risk Rating Q3 | Residual Risk Rating Q4 | Action(s) to improve management of risk.                                  | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment  | Risk appetite Assessment   | Residual risk analysis  |
|----------|-------------|--------------------------------------|-------------------------|-------------------------|---|---|------------------------|--|----------|-----------|---|--|---|
|          |             |                                      |                         |                         |   | Q3  |                        |  |          |           | Q4  |  |   |
|          |             |                                      |                         |                         | Information Security Officer. 30 August 2021                              | appointing ICT Security Technician, and it is envisaged that the Technician will be appointed on 1 August 2022.   |                        |  |          |           | Cyber-attack (Phishing) attempt detected by ICT Technician s, the was an issue with a user who received an email from another user, but the alleged user was not aware of it. The risk is outside our appetite level of Zero. | threat incident detected from our security assessments; The risk is within appetite level of Zero. | achieved in the financial year, However, the risk moved from high to medium during the quarter. No incident of cyber-attack were reported which is within the appetite and tolerance levels. Critical to indicate that the department is in the process of procuring more advance security licenses as a way of strengthening the firewall. |
|          |             |                                      |                         |                         | 2. Implement information Security standards. 30 October 2021.             | 2. The ICT infrastructure has been upgraded in Q1 and adequate information system has been implemented.   |                        |  |          |           |   |  |   |
|          |             |                                      |                         |                         | 3. Daily IT security assessment tests. 30 October 2021.                   | 3. Conducted weekly assessment due to lack of capacity. The Daily information and infrastructure security assessment will be performed once Information Security Technician is appointed. |                        |  |          |           |   |  |   |
|          |             |                                      |                         |                         | 4. ICT Infrastructure upgrade including configuration of both primary and | 4. The service provider was appointed for the upgrade of the ICT infrastructure and the   |                        |  |          |           |   |  |   |

| Risk Ref | JOSHCO Risk           | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.   | Progress on each action item as at end of the quarter.   | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite            | Tolerance           | Risk appetite Assessment   | Risk appetite Assessment   | Residual risk movement analysis  |
|----------|-----------------------|--------------------------------------|----------------------|----------------------|--|--|------------------------|--|---------------------|---------------------|--|--|--|
|          |                       |                                      | Q3                   | Q4                   |  |  |                        |  |                     |                     | Q3   | Q4   |  |
|          |                       |                                      |                      |                      | recovery servers. 30 December 2021   | DR Site in Q1.   |                        |  |                     |                     |  |  |  |
| 8        | Business Interruption | M                                    | VH                   | VH                   | <p>1. Appointment of service provider for secondary networks supply. 30 October 2021</p> <p>2. Appointment of service provider to develop Business continuity Management System. 30 October 2021</p> <p>3. Development of Business Continuity and Disaster Recovery Plan. 30</p> | <p>1. The Service provider for a primary network was appointed and ICT is the process of acquiring the secondary network from the appointed service provider.</p> <p>2. The service provider for development of business continuity management system has been appointed. The service provider has developed the Business Impact Analysis report, Business Continuity Management policy and framework.</p> <p>3. Disaster Recovery Plan draft is in place. The plan to be reviewed and incorporated in the</p> | →                      | 3/4  | 15 minutes downtime | 30 minutes downtime | The emails and the saver were down in Q3 for more than an hour due to MTC cable theft. Way out of the 15 minutes appetite and 30 minutes tolerance level More intervention required to ensure continuity in the event of interruption. | The emails and the saver were down in Q4 for more than an hour due to loadshedding and power failure. Way out of the 15 minutes appetite and 30 minutes tolerance level More intervention required | Only Three (3) of four (4) mitigations actions were achieved during the financial year. The residual risk moved from medium to very high due to high number of emails down times which is outside the appetite and tolerance levels. |



| Risk Ref | JOSHCO Risk                                       | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.   | Progress on each action item as at end of the quarter.   | Residual Risk Movement  | Status (Mitigations implemented/ total identified) | Appetite         | Tolerance        | Risk appetite Assessment  | Risk appetite Assessment  | Residual risk movement analysis   |
|----------|---|--------------------------------------|----------------------|----------------------|--|--|---|--|------------------|------------------|---|---|---|
|          |   |                                      | Q3                   | Q4                   |  |  |   |  |                  |                  | Q3  | Q4  |   |
|          |   |                                      |                      |                      | December 2021  | business continuity management system when implemented.  |   |  |                  |                  |   |   |   |
|          |   |                                      |                      |                      | 4. ICT Infrastructure upgrade. 30 December 2021  | 4. ICT Infrastructure upgrade project was completed in Q1.   |   |  |                  |                  |   |   |   |
| 9        | Inaccurate and unreliable performance information | M                                    | H                    | H                    | 1. Implementation of the monitoring tool to strengthen quality assurance by Executive Management. Quarterly<br><br>2. Biannual performance of information Audits conducted by internal Audit. 30 January 2022. | 1. Monitoring and Evaluation has implemented evidence monitoring tool in Q1. The system requires the EMs to signoff evidence submitted to support reported performance information.<br><br>2. Biannual Performance information audit was conducted, and Internal Audit raised findings that includes inaccurate reporting. |    | 2/2  | Zero             | Zero             | Instances of Performance information not supported by evidence or inaccurate reporting prevails. More interventions required. | Instances of Performance information not supported by evidence or inaccurate reporting prevails. More interventions required. | All two (2) out of two (2) mitigations were achieved during the financial year, the residual risk moved from medium to high due to inaccurate reporting, which were outside the appetite and tolerance level of Zero. |
| 10       | Failure to develop, attract                       | H                                    | H                    | H                    | 1. Appointment of a service provider to assist with the Job  | 1. A service provider is done doing job profiling, job grading   |  | 3/4  | 3% of middle and | 5% of middle and | Four (3) 9% of Senior   | Four (4) 12% of Senior  | Only three (3) of four (4) mitigation actions were achieved during the financial  |

| Risk Ref | JOSHCO Risk           | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.  | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite        | Tolerance       | Risk appetite Assessment  | Risk appetite Assessment   | Residual risk movement analysis   |
|----------|-----------------------|--------------------------------------|----------------------|----------------------|---|---|------------------------|--|-----------------|-----------------|---|--|---|
|          |                       |                                      | Q3                   | Q4                   |   |   |                        |  |                 |                 | Q3  | Q4   |   |
|          | and/or retain talent. |                                      |                      |                      | grading exercise. 30 September 2021   | and salary benchmarking and it is envisaged that they will hand over in Q1.   |                        |  | Senior Managers | Senior Managers | managers ICT Manager, Company Secretary and EM Corporate Service resigned during the financial year 2021/22 which is outside our appetite level of 3% | managers CEO, ICT Manager, Company Secretary and EM Corporate Service resigned during the financial year 2021/22 which is outside our appetite level of 3% | year, the residual risk remains high, 12% of the Senior Management, left the organisation during the financial year, which is outside the appetite and tolerance level. A robust retention and succession plan is required. |
|          |                       |                                      |                      |                      | 2. Recruiting in line with the approved organisational structure. 30 August 2021. | 2. The new organisational structure was approved by the Board in August 2021.   |                        |  |                 |                 |   |  |   |
|          |                       |                                      |                      |                      | 3. Encourage and drive a learning culture. Ongoing                                | 3.Training calendar communicated to employees on 27 May 2022 for the following training programme:<br>a) Targeted Selection Training;<br>b) Excel Training;<br>c) Report Writing;<br>d) Charing Disciplinary Hearings and submissions for training closed on 1 June 2022. |                        |  |                 |                 |   |  |   |
|          |                       |                                      |                      |                      | 4. Development of retention and succession policy. 30 August 2021                 | 4. The retention and succession policy to be presented to the stakeholders by the end of Q1 of 2022/23  |                        |  |                 |                 |   |  |   |

| Risk Ref | JOSHCO Risk          | Residual Risk Rating at 30 June 2021 | Residual Risk Rating Q3 | Residual Risk Rating Q4 | Action(s) to improve management of risk.  | Progress on each action item as at end of the quarter.  | Residual Risk Movement  | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment  | Risk appetite Assessment  | Residual risk movement analysis  |
|----------|----------------------|--------------------------------------|-------------------------|-------------------------|---|---|---|--|----------|-----------|---|---|--|
|          |                      |                                      |                         |                         | Q3  | Q4  |   |  |          |           |   |   |  |
|          |                      |                                      |                         |                         |   | FY and once it is approved, it will be then submitted to the Board for final approval.  |   |  |          |           |   |   |  |
| 11       | Fraud and corruption | M                                    | M                       | M                       | 1. Fraud detection review in collaboration with the city. 1 December 2021<br>2. Installation of fraud awareness posters/signage in JOSHCO projects. 30 October 2021 | 1. The anti-fraud prevention was developed and approved by the Board in Q2. The risk and compliance department Conducted independent fraud risk assessment and gap analysis and confirmed recommended fraud mitigation action with the Line managers in November 2021 and monitoring of the fraud mitigation action is done on a quarterly basis.<br>2. The service provider has been appointed on 24 June 2022 for installation of fraud and corruption signage at |  | 3/3  | Zero     | Zero      | Two (2) cases of fraud were reported, and one case was investigated internally by the Security department with a finding as compared to Zero appetite and tolerance. More awareness | One (1) case of fraud/Mala administration were reported to GFIS, investigations are underway as compared to Zero appetite and tolerance. More awareness required. | All three (3) of 3 mitigation actions were achieved during the financial year, the residual risk remains medium due to lack of confirmation/ prima-facie evidence to confirm fraud by GFIS, however one (1) of fraud was reported which is outside tolerance levels. Details of the cases are under <b>Sec 4</b> . |

| Risk Ref | JOSHCO Risk                        | Residual Risk Rating at 30 June 2021 | Residual Risk Rating | Residual Risk Rating | Action(s) to improve management of risk.  | Progress on each action item as at end of the quarter.  | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite                                  | Tolerance                                | Risk appetite Assessment  | Risk appetite Assessment  | Residual risk movement analysis  |
|----------|------------------------------------|--------------------------------------|----------------------|----------------------|---|---|------------------------|--|---|--|---|---|--|
|          |                                    |                                      | Q3                   | Q4                   |   |   |                        |  |   |  | Q3  | Q4  |  |
|          |                                    |                                      |                      |                      |   | all JOSHCO projects, it is envisaged that the project will be completed by 15 July 2022.  |                        |  |   |  |   |   |  |
|          |                                    |                                      |                      |                      | 3. Partner with marketing and stakeholder relation management department to facilitate fraud and corruption campaign to JOSHCO tenants. Quarterly | 3.1 The risk and compliance department conducted fraud awareness at Dobsonville project, 3.2 The marketing and communication department raised fraudulent rental scams awareness and alerts on social media (Facebook and twitter). |                        |  |   |  |   |   |  |
| 12       | Dilapidation of tenanted buildings | M                                    | M                    | H                    | 1. Maintenance work to be certified and signed off by portfolio managers. Ongoing   | 1. The Housing Management has developed a Standard Operation Procedure in with the re-alignment of services within the department.  | →                      | 2/3  | 100% of Planned and unplanned maintenance | 95% of Planned and unplanned maintenance | JOSHCO achieved 85% of maintenance during Q3 compared to the appetite of 100% and tolerance | JOSHCO achieved 66.6% of maintenance during Q4 compared to the appetite of 100% and | Only two (2) of three (3) mitigations were achieved during the financial year, the residual risk moved from medium to high due to a decline in the implementation of the maintenance plan against the appetite and tolerance levels. |
|          |                                    |                                      |                      |                      | 2. Property management Training for Housing   | 2. Housing supervisors attended property management training.   |                        |  |   |  |   |   |  |

| Risk Ref | JOSHCO Risk | Residual Risk Rating at 30 June 2021 | Residual Risk Rating Q3 | Residual Risk Rating Q4 | Action(s) to improve management of risk.   | Progress on each action item as at end of the quarter.   | Residual Risk Movement | Status (Mitigations implemented/ total identified) | Appetite | Tolerance | Risk appetite Assessment | Risk appetite Assessment                                    | Residual risk movement analysis |
|----------|-------------|--------------------------------------|-------------------------|-------------------------|--|--|------------------------|--|----------|-----------|--------------------------|---|---------------------------------|
|          |             |                                      |                         |                         |  |  |                        |  |          |           | Q3                       | Q4  |                                 |
|          |             |                                      |                         |                         | supervisors. 30 October 2021.  |  |                        |  |          |           | level of 95%.            | tolerance level of 95%. The risk is within tolerance level. |                                 |
|          |             |                                      |                         |                         | 3. Installation of CCTV cameras that will be linked to Security control room. 30 December 2021 | 3. The specifications for the CCTV cameras were submitted. However, the installation of CCTV cameras will be implemented in next the financial year due to budget constraints. |                        |  |          |           |                          |   |                                 |

Based on the above, the total percentage of actions implemented to manage the residual risk(s) around the control environment for the year is **84%** against year target of **95%**. Implementation of some of the controls are dependent on the appointment of service providers. The assessment revealed there has been notable progress in the implementation of mitigations actions/controls for improvement in the 2021/22 FY.

**Number of mitigations actions = 43**

**Number implemented = 36**

**% Target = 95%**

**% Achieved = 84%**

Although there has been progress in the implementation of mitigations by various departments, the risk exposure remains outside the risk appetite and tolerance level. The impact/results of the implemented mitigation action by departments will only be realised after 3 to 6 months in some instances such as the installation of vending solutions; Biometric systems and outdoor advertising to improve revenue collection. 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 state “the governing body should lead ethically and effectively”. The governing body should further continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000. The Risk and Compliance Department conducted fraud awareness in Dobsonville projects and through social media. The procurement of fraud and corruption awareness signage in 33 JOSHCO projects was initiated by the Risk and Compliance department in partnership with Marketing and Communication department. The Request for Quotation (RFQ) was advertised in May, and the service provider was appointed on 21 June 2022. The service provider is now installing the signs, and the project is expected to be completed on 15 July 2022.

***The fraud hotline number is 0800 002 587/ email: [whistle@joburg.org.za](mailto:whistle@joburg.org.za)***

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. One (1) new case were reported in Q4. The following table provide progress provided by GFIS on open cases.

There's been minimal progress and feedback from GFIS with regard to fraud and corruption investigation. JOSHCO has since written to the Acting Commissioner requesting the intervention of the office in fastracking investigations and coming up with progressive solution that will benefit both entities.

**Table 8: Progress on open cases**

| GFIS_no         | Date Registered | Allegation   | Status      |
|-----------------|-----------------|--|-------------|
| 19/12/2020      | 2020/12/08      | Alleged fraud and corruption into issuing of flats units at JOSHCO-by-JOSHCO employee.   | In Progress |
| 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 |
| GFIS12/11/2021  | 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 |

## SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS

The Board and its Committees is committed to greater ethical standards and practices, and this is evident in all Board and Committee meetings where declaration of interest is undertaken prior to commencement of meetings. In the quarter under review, the Board and its Committees continued to sign off the declaration register and such information is housed in the Company Secretary's office. In the beginning of the Board term, all members are required to sign declaration of financial interest.

Furthermore, 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 will be conducting business with. To date, (100%) of JOSHCO staff have completed and submitted their annual declaration.

## **SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE**

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

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

JOSHCO ICT seeks to improve on its governance frameworks and universe, by adopting best practice frameworks to strengthen ICT Service Management, ICT Security and ICT Business Continuity. The following is the details of some interventions implemented in the 4<sup>th</sup> quarter in order to improve the ICT environment.

### **6.1 Network infrastructure**

JOSHCO has appointed a service provider to run and deploy networks at the JOSHCO head office. The service provider has delivered the Network infrastructure as required. The deployed Network is working and access to the internet and network is tested and signed off. However, the JOSHCO users are not yet connected to the new networks due to the unavailability of the server room at JOSHCO Head office. Secondly the servers that are currently hosted at JD house are not yet migrated to the JOSHCO new networks since the two networks are not connected to each other and are run by different service provider.

The appointed service provider has deployed both WIFI and cable networks. The cable network deployed is in accordance with the specification published in the tender. The cable network is reserved for the fix user items like printers, scanners, interactive Screens, and others. All the access points deployed are tested and working in an excellent way. The network is accessible now at 61 Juta Street however users must ensure that they logon through VPN (Virtual Private Network). The current Network service provider is also responsible for the bandwidth and Internet service provision (ISP)



services. They just renewed this service with the ISP. They have renewed the digital certificate for JOSHCO.co.za and the domain with the previous service provider in order to ensure that the domain does not expire and be cancelled.

## **6.2 Non-Financial ICT Projects Deployed**

The entity has in this quarter deployed available tools from the Microsoft Enterprise contract with the City of Johannesburg and its entities. JOSHCO had no tools to track and monitor its ICT infrastructure timely.

The following were deployed without cost but leveraging from the Microsoft EA: -

- **SCCM** - Microsoft System Centre Configuration Manager
- **SCOM** - System Centre Operations Manager
- **Exchange Hybrid** - Secure mail routing between on-premises and Exchange Online organisations
- **E3 licences** - full license to install the desktop version of Word, Excel, Outlook, One note, and Publisher on your Windows computer or Mac

## **6.3 JOSHCO App Development**

The app project has been progressing well however the service provider doing the development seemed to have been not aware that JOSHCO does not have a backend platform to run these Apps for the internal and external users to access them. The potential Tenant module is developed and deployed, and it is due for end user test however it will still have to wait for the back-end infrastructure to be deployed and configured securely for the proper use. Currently there are modules awaiting to be deployed parallel with the rollout of the backend infrastructure.

## **6.4 Backup and Disaster recovery**

JOSHCO uses a service provider for these services which is doing well. All system and servers are backed up on daily basis using Veem backup solution. Daily report of successful back and restore are shared by the engineer responsible.

The Veem solution has the capability to do replication to external site, however JOSHCO does not have adequate external site infrastructure that will support business continuity of the company. The infrastructure for DR is budgeted in the new financial year for procurement and implementation.

## 6.5 Laptops Refresh

The ICT has a plan to roll out a refresh of Laptops of JOSHCO users to the latest specification and software. Due to number of users that were experiencing challenges as a result of old laptops the department managed to procure 50 laptops and the team is rolling them out to users with urgent needs and those who are highly impacted. The rest of the remaining user will be refresh in the first quarter of the new FY. The full implementation of the project will mitigate against the risk of, amongst others, loss of company data and cyber attack due outdated software and hardware.

## 6.6 Server Room

The head office server room is still outstanding awaiting the construction company to complete it. The shell room is constructed however the server room environmental are not yet built (e.g., Cooling, Power supply, Fire suppression etc)

### Server Room Challenges

- The ICT department is dependent on the construction company to appoint a certified server room/data centre service provider.
- The delay impact on the completion and running of the JOSHCO new network,

## 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 thirty (30) Acts and regulations were identified as being applicable to JOSHCO's operations and appear on the Regulatory Universe. The **Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 19 of 1998** that was identified as key to JOSHCO was included in the regulatory universe in this quarter. However, the act will be assessed in the next financial year.

Twenty-nine Acts that were assessed in the fourth quarter. The entity has seen 24 acts that have reached 100% compliance while 5 Acts are still not at 100% compliance. Three (3) acts have regressed in the quarter of assessment with the variances of each act detailed below. Remedial actions

on the legislations that are below 100% compliant is provided with progress made by Acts owners in implementation.

Table 9 reflects an action plan of Acts that are below 100% compliance level.

**Table 9: Action Plan of the assessed legislation**

| Act Name   | Q3    | Q4    | Comments  | Remedial Action  | Act Owner              | Progress made on remedial action   | Timeframe   |
|--|-------|-------|---|--|------------------------|--|---|
| Companies Act, No. 71 of 2008  | 98.9% | 98.9% | The variance relates to the absence of documents/records based on previous audit findings. The Act requires documents/records to be kept for a period of 7 years.   | Proper document management.  | Company Secretary      | Record keeping as required by the act with regard to Board documentation has improved. However, non-compliance will remain until 7 years lapses.   | Full compliance with the section will be reached in 2023. |
| Local Government Municipal Finance Management Act - Municipal Regulations on Minimum Competency Levels | 88.2% | 76.5% | <p>The Variance relates to:</p> <p>1. Competency assessments of all financial officials and supply chain management officials are undertaken in terms of regulation 16 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers in order to identify and address gaps in competency levels of those officials, as part of the recruitment process not conducted.</p> <p>2. Persons appointed as financial official or supply chain management official and that person do not meet the minimum competency level in the unit standards in a competency area required for the position in terms of the Regulations, municipal entity must ensure that the attainment of that minimum competency level is within the timeframes set out in regulation 15, and included in the person's-</p> <p>(i) Employment contract which must also state that, if it is not attained within the applicable period, the employment</p> | <p>1. Training to be provided for supply chain officials. Training to be rolled out in 2 financial years because of the budgetary Considerations. Some of the supply chain management officials are currently enrolled for their undergraduate degrees and may meet the necessary competency level once completed.</p> <p>2. All adverts for Supply Chain officials, Finance Managers as well as Executive Managers to include requirement for applicants to meet the required standard or obtain the minimum levels within 18 months as per the regulation. This to be added to their performance agreements and contracts.</p> <p>Competency assessments to be conducted for all Finance and SCM officials as well as Senior Managers to address gaps.</p> | EM: Corporate Services | <p>1. All Executive Managers and Supply chain Manager successfully completed the training and have met the competency levels.</p> <p>2. Some supply chain management officials are currently busy with undergraduate qualifications, however those with minimum qualifications will be enrolled with Wits.</p> | 30 June 2023  |

|   |       |       |   |   |                        |  |                   |
|---|-------|-------|---|---|------------------------|--|-------------------|
|   |       |       | contract will terminate automatically within one month after the applicable period; and (ii) performance agreement as a performance target if such agreement is required. |   |                        |  |                   |
| Protection of Personal Information Act, No. 4 of 2013 | 92.5% | 6.1%  | An in-depth assessment of the act using some of the tools provided the City as well as through scrutinization of the act has exposed variances that need to be addressed. | <ol style="list-style-type: none"> <li>1. Action Plan detailed in 3.4 below.</li> <li>2. The Company Secretary to appoint Service provider to do a gap analysis</li> </ol>  | Company Secretary      | <ol style="list-style-type: none"> <li>1. The Compliance department has handed over compliance with the Act to the Company Secretary who will now be the Act Owner responsible for ensuring compliance with the act.</li> </ol>                                      | 30 September 2022 |
| Rental Housing Act, No. 50 of 1999                    | 96,3% | 96.3% | The variance relates to the subletting of units by tenants without JOSHCO's consent.  | <ol style="list-style-type: none"> <li>1. 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.</li> <li>2. JOSHCO, through the Housing</li> </ol> | EM: Housing Management | <ol style="list-style-type: none"> <li>1. The process of installation of Biometric systems in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway, currently 12 of 20 (60%) have been completed in</li> </ol> | 30 September 2022 |

|  |      |       |   |  |                        |  |                   |
|--|------|-------|---|--|------------------------|--|-------------------|
|  |      |       |   | Management department has embarked on a process of regularising qualifying tenants in line with approved policies. The process will continue until all JOSHCO units are occupied only by lawful tenants.   |                        | <p>the following projects: it is envisaged that enrolment will be done by end of July 2022.</p> <ol style="list-style-type: none"> <li>2. In May and June 2022, the Housing Management team conducted tenant verifications and lease renewals at Kliptown Square and Turfontein, however a number of tenants objected in Kliptown Square claiming that they initially signed rent to buy lease agreements.</li> <li>3. Stakeholder engagements with tenants are currently being conducted in several projects to address the lease renewal and regularization challenges.</li> </ol> |                   |
| 3. Social Housing Act 16 of 2008 / Regulations | 100% | 87.0% | <p>The Variance relates to:</p> <ol style="list-style-type: none"> <li>1. 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.</li> <li>2. 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"> <li>(i) the provisions of this Act.</li> <li>(ii) the national building</li> </ul> </li> </ol> | <ol style="list-style-type: none"> <li>1. The National Building Regulations and Building and Standards Act be included in the Regulatory universe and assessed for compliance.</li> <li>2. The change in incorporation from PTY LTD to SOC LTD to be tabled to shareholders for ratification. Once finalised, change will be submitted to SHRA.</li> <li>3. JOSHCO must engage tenants on issues regarding enforcement of lease agreements.</li> </ol> | EM: Housing Management | <ol style="list-style-type: none"> <li>1. JOSHCO has developed and submitted a report to address the issues of non-compliance that have led to the downgrade of accreditation. The report will be a working document to be monitored by the compliance department monthly until the accreditation is upgraded by the regulator. As a way of rebuilding a relationship, JOSHCO has monthly meetings with the regulator.</li> <li>2. Stakeholder engagements with tenants are currently being conducted in several projects to</li> </ol>  | 30 September 2022 |

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  | <p>regulations under the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977).</p> <p>(ii) the technical standards imposed by the National Home Builders Registration Council under the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998); <b>(No Occupancy Certificates)</b></p> <p>(iii) the provisions of the Rental Housing Act, 1999 (Act 50 of 1999)</p> <p>3. The content of the lease agreement and proposed changes are not strictly adhered to by all parties.</p> <p>Change of incorporation has not yet been submitted to the regulator.</p> |  |  | <p>address the lease renewal and regularization challenges.</p> <p>3. A steering Committee has been established to address compliance issues regarding occupation certificates. The department is in the process of applying for temporary occupation certificates for projects that do not have certificates.</p> |  |
|--|--|--|--|--|--|--|

## CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

### SECTION 1: RESPONSE TO STRATEGIC DIRECTION

The City of Johannesburg has reviewed its priorities post the election and formation of new government well known as Multiparty Government. The entity has now aligned its objectives to the new strategic objectives as reflected in the table below:

**Table 10: Strategic Objectives Alignment To City IDP Outcomes and Strategic Priorities.**

| Multiparty Government (MPG) Objectives   | Mayoral Priorities                   | MPG strategic interventions        | JOSHCO Strategic Objectives  | JOSHCO Strategic Outcome   |
|--|--------------------------------------|------------------------------------|--|--|
| <ul style="list-style-type: none"> <li>• Access to reliable and clean water (2.1)</li> <li>• Ensure hygienic environment (2.2)</li> <li>• Access to electricity (2.3)</li> <li>• Holistic infrastructure strategy (2.6)</li> </ul> | 1. A city that gets the basics right |                                    | <ul style="list-style-type: none"> <li>• To become a customer centric company (2.4)</li> </ul>   | <ul style="list-style-type: none"> <li>• Improved quality of JOSHCO project buildings through building conditions assessments, and ongoing maintenance</li> <li>• Achievement of all Service Level Standards, as per Service Delivery Agreement</li> <li>• Alignment with SHRA's requirements, as regulator</li> </ul> |
| <ul style="list-style-type: none"> <li>• Ensure hygienic environment (2.2)</li> <li>• Reclaim public spaces (2.4)</li> <li>• Tough on crime (2.7)</li> </ul>   | 2. A safe and secure city            |                                    | <ul style="list-style-type: none"> <li>• To maintain quality and safe living environment for all JOSHCO tenants (2.6)</li> </ul>   | <ul style="list-style-type: none"> <li>• Secured projects that guarantee tenant and JOSHCO staff safety, through:                             <ul style="list-style-type: none"> <li>○ Access controls</li> <li>○ Biometrics and CCTV installations</li> </ul> </li> </ul>   |
| <ul style="list-style-type: none"> <li>• Sustainable Housing (2.9)</li> <li>• Keeping communities in good health (2.10)</li> <li>• Multilingualism and heritage (2.16)</li> </ul>  | 3. A caring city                     | Sustainable Housing (MPG priority) | <ul style="list-style-type: none"> <li>• Become a customer centric company (2.4)</li> <li>• Develop Social Housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) (2.3)</li> </ul> | <ul style="list-style-type: none"> <li>• Student accommodation delivered in Regions F and D</li> <li>• Roof top gardens in all suitable building to increase food security for the tenants</li> <li>• Early childhood centres in projects to support children development while building a community</li> </ul>        |
| <ul style="list-style-type: none"> <li>• Job Creation and Investment in local economy (2.8)</li> </ul>   | 4. A business-friendly city          |                                    | Contribute towards economic development through Small, Medium and Micro-sized Entity (SMME) support and job creation (2.2)   | <ul style="list-style-type: none"> <li>• Upliftment of communities through provision of financial and non-financial support to local SMMEs on construction projects</li> <li>• Skills development and job creation</li> </ul>  |



| Multiparty Government (MPG) Objectives  | Mayoral Priorities   | MPG strategic interventions  | JOSHCO Strategic Objectives   | JOSHCO Strategic Outcome   |
|---|----------------------|--|---|--|
| <ul style="list-style-type: none"> <li>• Reclaim public spaces (2.4)</li> <li>• Safe and affordable public transport (2.5)</li> <li>• Combat illegal immigration (2.17)</li> </ul>  | 5. An inclusive city | <ul style="list-style-type: none"> <li>• Development plans that make your neighbourhood more liveable, enjoyable, and accessible</li> <li>• Low-rent and rent-to-buy units in mixed income developments</li> <li>• Development of mixed-use requirements for all housing projects</li> </ul> | <ul style="list-style-type: none"> <li>• Develop Social Housing projects within transport corridors, the Inner-City and greenfield (including suburbs and economic hubs) (2.3)</li> <li>• To become a customer centric company (2.4)</li> </ul> | <ul style="list-style-type: none"> <li>• Large scale delivery of Social Housing and affordable housing units across the city</li> <li>• Development of student accommodation precinct</li> <li>• Preserved and well-maintained buildings that meet acceptable living conditions</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Governance in the interest of people and reduce corruption (2.11)</li> <li>• Devolution of power (2.12)</li> <li>• Institutional reconfiguration (2.14)</li> <li>• Affordable services and tariffs (2.15)</li> </ul> | 6. A well-run city   | <ul style="list-style-type: none"> <li>• A financially sustainable City</li> <li>• Improving and strengthening the City's financial position through prudent financial management practices</li> </ul>   | <ul style="list-style-type: none"> <li>• Become a financially sustainable entity (2.1)</li> <li>• Strengthen governance and compliance (2.5)</li> </ul>   | <ul style="list-style-type: none"> <li>• A solvent company</li> <li>• Improved revenue collection</li> <li>• Diversification of revenue stream (student accommodation, outdoor advertising, management fee, other mechanisms)</li> <li>• An unqualified Audit Opinion</li> </ul>   |
|   |                      | <ul style="list-style-type: none"> <li>• Redefined customer centric service delivery value chain</li> <li>• Improved customer satisfaction and quality of life</li> </ul>  | <ul style="list-style-type: none"> <li>• Become a customer centric company (2.4)</li> </ul>   | <ul style="list-style-type: none"> <li>• Effective and efficient business processes</li> <li>• Improved tenant satisfaction, through proactive tenant education and engagement programme</li> <li>• Customer satisfaction targets achieved and improved</li> <li>• Improved visibility of JOSHCO brand</li> </ul>  |
|   |                      | <ul style="list-style-type: none"> <li>• Qualified, capable and customer-oriented city officials</li> </ul>  | <ul style="list-style-type: none"> <li>• Become a customer centric company (2.4)</li> </ul>   | <ul style="list-style-type: none"> <li>• A high-performance culture – reflected in an engaged, motivated and performance-oriented workforce</li> </ul>   |
|   |                      |  | <ul style="list-style-type: none"> <li>• Strengthen governance and compliance (2.5)</li> </ul>  | <ul style="list-style-type: none"> <li>• Accurate and reliable performance information</li> </ul>  |
|   |                      | <ul style="list-style-type: none"> <li>• Zero tolerance to corruption</li> </ul>   | <ul style="list-style-type: none"> <li>• Strengthen governance and compliance (2.5)</li> </ul>  | <ul style="list-style-type: none"> <li>• Good governance and compliance improved, via: <ul style="list-style-type: none"> <li>○ Fraud prevention plan and strategy, fraud awareness and fraud risk management</li> <li>○ Comprehensive risk and compliance programme and awareness</li> <li>○ Robust internal control environment</li> </ul> </li> <li>• Legislative compliance</li> </ul> |

| Multiparty Government (MPG) Objectives   | Mayoral Priorities | MPG strategic interventions   | JOSHCO Strategic Objectives   | JOSHCO Strategic Outcome   |
|--|--------------------|---|---|--|
|  |                    | <ul style="list-style-type: none"> <li>• Plug revenue leakages and increase proactive maintenance of infrastructure</li> </ul>                                |   | <ul style="list-style-type: none"> <li>• Improved quality of JOSHCO project buildings through building conditions assessments, and ongoing maintenance</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Access to reliable and clean water (2.1)</li> </ul> | 7. A Smart City    | <ul style="list-style-type: none"> <li>• A Smart City that embraces Information and Communications Technology (ICT) innovation as a force for good</li> </ul> | <ul style="list-style-type: none"> <li>• To maintain quality and safe living environment for all JOSHCO tenants (2.6).</li> </ul> | <ul style="list-style-type: none"> <li>• Social Housing projects that are environmentally friendly, through design (including alternative energy solutions and rainwater harvesting)</li> <li>• Smart metering system and monitored</li> </ul>   |
|  |                    |   | <ul style="list-style-type: none"> <li>• Become a customer centric company (2.4)</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Improved application and leasing processes, supported by fully operational JOSCHO App</li> <li>• Increased operational efficiencies and improved communication with stakeholders</li> <li>• Seamless business continuity supported, through effective backup and disaster recovery systems</li> </ul> |
|  |                    | <ul style="list-style-type: none"> <li>• Improved supply chain management and accountability through the open tender system and smart apps</li> </ul>         | <ul style="list-style-type: none"> <li>• Strengthen governance and compliance (2.5)</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Sound reputation in terms of payment of suppliers within 30 days</li> </ul>   |

## SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

JOSHCO continued with implementation of its deliverables as outlined in the business plan. The following are highlights of the quarter.

- The entity has received donation from Metro Wired of a computer lab, study area and TV room revamp and equipment's such as computers, projector, desks, chairs and TV at the Dakalo student accommodation. The donation will assist student to focus on their studies in a more student friendly environment.
- The entity has intensified tenants engagement outreach in this quarter where several tenanted projects were visited with the aim to listen to the tenants issues while creating an awareness around the roles and responsibilities of both parties. The MMC Councillor Mabaso was actively involved in drive this programme

### SECTION 3: SERVICE DELIVERY CHALLENGES

Below are key challenges that were encountered during the quarter under review. Some of the challenges are perpetuating however measures are put in place

- Rental collection remains a challenge.
- Tenants resistance to renew expired leases due to that they are in arrears. Tenant outreach is underway to give awareness about the role of both JOSHCO and tenants.
- The Chief Executive Officer of the company resigned during the quarter. However, an acting incumbent was appointed to maintain stability

### SECTION 4: CAPITAL PROJECTS PERFORMANCE

#### 4.1: PROJECTS UPDATE

**Complete project with Occupation Certificate:** Defines project that has been constructed and complete in compliance with the provisions of the National Building Regulations Act 103 of 1977 as amended.

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

##### 4.1.1 State of capital Inner City programme

Table 12 below presents the Inner-City projects implemented by JOSHCO. In total JOSHCO will deliver a total of 257 completed units within the Inner City, through completion of Abel Street project during the current financial year. Additional 92 units will be completed through the Roodepoort project that is planned to reach completion in the FY. There are other projects that are at different stages of pre-construction and construction within the Inner-City programme and are reflected in Table 12.

**Table 11: Inner City programme**

| Ref | Project Description  | No Of Units | Original start date     | Original completion date                             | Revised Completion Date             | Comments on project timelines  |
|-----|--|-------------|-------------------------|--|-------------------------------------|--|
| 1   | New JOSHCO Head Office Juta Street, Braamfontein Conversion Region F | Offices     | 21/11/2018              | 27/09/2019   | 7 June 2022                         | <p>The project is practically complete but cannot be occupied as it does not have a certificate of occupation nor have fire clearance certificate. The following work items are still outstanding while the rest of the work is being snagged:</p> <p>Fire certificate - louvres to the atrium are still to be delivered and once they are installed fire certificate can be issued</p> <p>Second lift – weights to the second lift are still to be delivered and once installed the lift will need to be commissioned</p> <p>Parking areas – the work is being redefined/scoped for execution so that the parking area is left neat and tidy.</p> <p>Server room -the contractor has been appointed and will be starting with installation.</p> <p>Furniture – this is work in progress and it is expected that all furniture will be delivered by 11 August 2022</p> |
| 2   | 106 Claim Street Inner City Building Conversion Region F             | 80          | 21/11/2018              | 27/09/2019   | Currently being revised.            | <p>Project is practically complete. The main challenge on the project is the Lift installation sub-contractor, which got liquidated and could therefore not proceed with works on site.</p> <p>JOSHCO Executive has approved additional funding to cover the variation related to the lifts and other extras that have to be funded on the project to see it to completion. On the back of this variation order approval an instruction has been given to the project Manager, View Architects to inform the contractor to proceed with works. New completion date will have to be worked on as some lead items delivery dates on the lift must be confirmed by supplier who is from outside the country.</p>  |
| 3   | 38 Rissik Street (NBS) Inner City Building Conversion                | +300        | Project packaging stage | To be determined once service provider is appointed. | To be determined after procurement. | <p>Procurement for Professional team underway, through a JOSHCO Panel of Professionals.</p> <p>Once concluded during quarter one of the next financial year, the professional team will commence with feasibility study for the project.</p>   |

|   |  |      |                                       |  |   |  |
|---|--|------|---------------------------------------|--|---|--|
| 4 | 50 Durban Street Inner City Building Conversion Region F | 102  | 12/02/2018                            | 11/02/2020   | This will be revised once new finishing contractor is appointed | <p>The Professional team and main Contractor currently finalizing all Certification of Compliance, while snagging in other areas of the project.</p> <p>JOSHCO and the professional team has put the contractor on final warning terms after the contractor numerous failed to fully complete works especially that of snagging in nature. If the contractor does not finish the work in the given notice period JOSHCO will have to repackage the work and have it tendered for a finishing contractor to be appointed to finish all outstanding work e.g., relating to the fire staircase which must now comply to new fire regulations.</p> |
| 5 | Abel Road Inner City Building Conversion Region F        | 262  | 16/01/2018                            | 01/07/2020   | 25/04/2022  | <p>This project is in two phases. The first phase is made up of 107 residential units while the second phase has 155 units.</p> <p>The second phase is nearing completion and could be ready soon for tenanting if all else is done. Work to the fire escape staircase is progressing well.</p> <p>A waterproofing subcontractor has been appointed to waterproof surfaces which were problematic during this past rainy season which saw water seepages into several units.</p> <p>Final inspection and testing have been planned for completion by 30 September 2022.</p>  |
| 6 | Booyens Place  | -250 | Pre-construction stage.               | To be determined once the main Contractor is appointed | To be determined once the main Contractor is appointed.         | <p>Professional team was appointed in the third quarter when pre-construction planning commenced.</p> <p>Stage 2 of feasibility study has been concluded, with Professional team finalizing Concept design of the project.</p> <p>JOSHCO has just instructed the professional team to proceed with Stage 3: Detail design and costing.</p>   |
| 7 | Casa Mia   | 80   | Pre-construction planning and design. | To be determined once the main Contractor is appointed | To be determined once main Contractor is appointed.             | <p>The project is currently at pre-construction planning and design stage. The Professional team has been appointed and commenced with Project Scoping.</p> <p>The project has been submitted to Inner City Safety Committee on hi-</p>  |

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  |  |  |  | <p>jacked buildings in order to establish safe access to the building by the Professional team. The legal team is in the process of obtaining an eviction order to remove those tenants.</p> <p>This would allow the Professional team to access the building for physical scoping of the project so that it can be repackaged for retender.</p> |
|--|--|--|--|--|--|--|

Table 12 below reflect the number of units to be delivered within the Inner-City programme:

**Table 12: Inner City Programme Target**

| PROJECT NAME   | APPROVED NO OF UNITS | ADJUSTED NO OF UNITS DURING DEVIATION | Q1       | Q2       | Q3       | Q4         | ANNUAL TARGET AND VERIFICATION. |
|----------------|----------------------|---------------------------------------|----------|----------|----------|------------|---------------------------------|
| 16 Abel Street | 257                  | 257                                   | 0        | 0        | 0        | 257        | Completion certificate.         |
| Roodepoort     |                      | 92                                    | 0        | 0        | 0        | 92         | Completion certificate.         |
| <b>TOTAL</b>   | <b>257</b>           | <b>349</b>                            | <b>0</b> | <b>0</b> | <b>0</b> | <b>349</b> |                                 |

#### 4.1.2 State of Greenfield Programme

The table below reflects the details of start and completion dates of various projects. The start and completion dates of the projects are in line with the signed Development Agreement or JBCC of the project.

It should be noted that, depending on the outcome of extension of time claims submitted by main Contractors, the dates may be amended if the claim is awarded with or without cost, depending on the incident the main Contractor is claiming against. Any extension of time claim awarded directs the review of a Construction Programme. The adjudication of whether to award extension of time claim (with or without cost) is concluded by independent Project Managers and Quantity Surveyors and recommendations are made to JOSHCO. Should a claimable incident occur on site, it affects the table below:

**Table 13: Greenfield programme**

| Ref | Project Description | No Of Units | Original start date | Original completion date | Revised Completion Date | Comments on project timelines and progress.                                       |
|-----|---------------------|-------------|---------------------|--------------------------|-------------------------|---|
| 1   | Lufhereng Social    | 407         | 01/09/2019          | 30/08/2021               | 28/04/2023              | The project is proceeding well on site, with main Contractor working on finishing |

|   |   |     |            |            |   |   |
|---|---|-----|------------|------------|---|---|
|   | Housing Project                         |     |            |            |   | <p>activities on the projects.</p> <p>Work activities include installation of carports, snagging and de-snagging of units, landscaping and testing of services across the project.</p> <p>The Developer has invited the Professional team for Practical Completion inspection for phase 1A, comprising of 68 units so that any identified remedial works can be attended to, while progressing towards achieving Practical Completion milestone on this phase.</p> <p>Project team is monitoring the project closely in order to ensure the project achieves planned Practical Completion of October 2022 for all phases.</p>   |
| 2 | Nancefield Social Housing Project       | 372 | 04/05/2021 | 04/11/2022 | 31/03/2023                                    | <p>The project is progressing well.</p> <p>Although the main Contractor lost time during Q2, intervention by the Professional team and JOSHCO has yielded results, as the Contractor managed to commence with top-structure construction on site during Q3 of the financial year.</p> <p>The main Contractor experienced rainfall related delays during Q3 but managed to proceed with other site activities. The rainfall impact is currently being quantified by the main Contractor for extension of time adjudication.</p> <p>JOSHCO and its Professional team continue to closely monitor the main Contractor performance on site in order to early detect any potential delays.</p> |
| 3 | Princess Plots Social Housing Project   | 333 | 01/11/2019 | 22/06/2021 | 01/09/2022                                    | <p>Princess Plot project will yield a total of 333 units upon completion.</p> <p>Currently the project is progressing well towards the planned Practical Completion in June 2022.</p> <p>The main Contractor on site is engaged on internal finishes of the units, while connecting and testing electrical and plumbing services on site.</p>   |
| 4 | Randburg Selkirk Social Housing Project | 145 | 20/11/2020 | 19/11/2021 | To be reviewed once works re-commence on site | <p>The project will yield a total of 145 units upon completion.</p> <p>The Professional team has made submissions of new SDP and Building Plans to Development Planning and Building Control for approval.</p> <p>As the Building Plans are in circulation for approval, a temporary permit to build will be applied for in line with Section 7(6) of National Building Regulations, so the main Contractor can commence on site earlier, while approvals are being sought.</p>   |

|   |                                       |      |            |            |   |   |
|---|---------------------------------------|------|------------|------------|---|---|
| 5 | Roodepoort Social Housing Upgrade     | 92   | 2/8/2019   | 2/9/2020   | To be confirmed once the new finishing contractor is appointed                | <p>All units on the project have been complete, except connection of electricity and sewer line. The sewer line was under-designed by a previous Civil Engineering firm that was expelled on the project in FY: 19/20.</p> <p>A Contractor was appointed for the Sewer upgrade, currently taking place on site. The Contractor got delayed due to an abnormal rainfall during the month of January 2022, resulting in heightened water-table level. This resulted in delays, as the Contractor would have to pump-out and drain water out of trenches in order to continue with works.</p> <p>The Contractor is progressing well on site, with Completion date of April 2022 as a revised date.</p> |
| 6 | Golden Highway Social Housing Project | 333  | 11/10/2019 | 10/09/2021 | To be confirmed once a new contractor to compete the works has been appointed | <p>The Developer has defaulted on the contract and stopped working on site.</p> <p>JOSHCO has since terminated the Development Agreement. A proposal for Cession Agreement is being considered, which will see the project being completed by another main Contractor.</p> <p>The Developer failed to finalise the Cession Agreements by week ending 25/03/2022, which has resulted in the termination status being upheld by JOSHCO.</p> <p>The Project Review Consultant is re-packaging the project to procure and appoint new Contractor to complete the works.</p>   |
| 7 | Jeepestown Social Housing             | 1336 | 20/01/2021 | 21/02/2023 | No revised date yet.  | <p>The developer has asked to do a cession of the project and the review consultant has undergone the due diligence process of the cessionary and the Board disclosure has been undertaken to finalize the cession.</p> <p>JOSHCO &amp; developer have identified and secured a piece of land in region F; all necessary environmental studies have been undertaken and a Board resolution has been obtained to proceed with the purchase.</p> <p>Processes are underway for town planning on the new piece of land within Region F and the professional team has started preparing.</p>  |
| 8 | Riverside View Social Housing         | 1108 | 28/01/2021 | 22/02/2023 | 30 June 2024  | <p>The project is progress well on site. All Civil and Electrical engineering services have been installed on site, making way for top-structure construction to proceed.</p>   |



|   |                         |      |            |            |                  |  |
|---|-------------------------|------|------------|------------|------------------|--|
|   |                         |      |            |            |                  | The main Contractor has commenced with top-structure construction of the first 180 units.  |
| 9 | Edenburg Social Housing | 1031 | 21/01/2021 | 22/02/2023 | No revised date. | <p>Pre-construction designs and engineering services reports have been submitted to Local Authority and are currently in circulation for approval.</p> <p>Land transfer process has been finalized and the last payment towards the land parcel and conveyancing has been concluded</p> <p>There has been stakeholder engagements with the community regarding the project, a request of a compromise was received and a report has been prepared to Board to rescind the decision of Social Housing to affordable housing.</p> <p>The Developer is preparing on site to commence with road expansion, which is part of the requirements by JRA to support the development.</p> <p>The top-structure construction is expected to commence during quarter 4 of the financial year, a requirement by CoJ for the project to receive Town Planning approvals.</p> |

#### 4.2 JOB CREATION AND SMME EXPENDITURE

The table below reflects the expenditure on SMME's from projects where construction activities were implemented during the fourth quarter. The assessment of local SMME expenditure is based on construction cost expenditure, since the SMME's are not involved on the Professional fees and project feasibility studies or land acquisition processes. The quarter under review has recorded 15.62% of capex expenditure that was paid to SMMEs which is a slight improvement from an average of 5% recorded in previous quarters. The following are projects that SMMEs have benefited from.

##### **Lufhereng Social Housing Development**

The developer is busy with the last phase of the project where most of work is brickwork and plastering. This is one area of work that is mainly easy to subcontract to emerging contractors. Thus, most of the payment made in the 4<sup>th</sup> quarter was for subcontract work. There are twelve local contractors being subcontracted in various trades on this project in this fourth quarter.

##### **Nancefield Social Housing Development**

This project is deep in the wet trade part of construction with work being mainly concrete work, brickwork and now plastering. The amount paid by JOSHCO for work done in the fourth quarter is mainly for these

trades where it is all subcontracted to SMMEs. There are 27 SMMEs being subcontracted on this project in this fourth quarter mainly in the area of brickwork and plastering

#### **Princess Plots Social Housing Development**

The project is nearing completion which is in September 2022. The contractor is busy with special trades such as electrical and plumbing, work sections which are done by established companies who will be able to certify it after completion by issuing certificates of completion. These are not emerging contractors. The earthworks/roads are also being done by an established company which has plant and equipment. Opportunities for small companies to do a lot of work at this stage is not much hence the most of payment made to Contractor was not paid to local small contractors. The 37 SMME firms are doing work valued between R150 000 and R200 000 in terms of contract value. It is now bits and pieces of finishing work.

#### **Randburg/Selkirk Social Housing Development**

Construction work on this project is in limbo following failure to secure the 18m strip of land for car parks. The project is being redesigned to configure it to suit available space. The only company working on site is a local security company hence the amount paid in the quarter is to cover security being offered to the site.

### **4.3 CAPITAL PROJECTS AND EXPENDITURE**

For 2021/22 financial year, JOSHCO had been allocated a total budget of R 648 000 million. This was followed by a downwards budget adjustment of R 20 million, which result in a revised capital budget of R 628 million. The entity has spent R615 million which is 98% of the adjusted budget of R628 million against a target of 95% (or R597 million).

#### **Table 14: Cumulative Expenditure Report as at 30 June 2022.**

## EXPENDITURE REPORT (Q4 01/07/2022)

## CAPITAL PROJECTS 2021-2022

| CORRIDOR OR NODE | PROJECT                        | BUSINESS PLAN BUDGET | QUARTER 1 ACTUAL    | QUARTER 2 ACTUAL    | QUARTER 3 ACTUAL    | QUARTER 4 PROJECTED | QUARTER 4 ACTUAL    | CERTIFIED CLAIMS    | %          | VARIANCE           |
|------------------|--------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------|--------------------|
| CBD to Alex      | Nancefield Station             | R88 000 000          | R21 073 541         | R7 553 501          | R23 732 166         | R31 240 792         | R36 924 079         | R89 283 287         | 101%       | -R1 283 287        |
|                  | Lufhereng Social Housing       | R101 290 466         | R34 786 066         | R9 954 828          | R39 404 286         | R12 080 763         | R15 228 864         | R99 374 044         | 98%        | R1 916 422         |
|                  | Golden Highway/Devland         | R18 410 000          | R16 285 483         | R1 306 387          | R0                  | -R102 370           | -R1 009 754         | R16 582 116         | 90%        | R1 827 884         |
|                  | <b>SUB-TOTAL A</b>             | <b>R207 700 466</b>  | <b>R72 145 090</b>  | <b>R18 814 716</b>  | <b>R63 136 452</b>  | <b>R43 219 185</b>  | <b>R51 143 189</b>  | <b>R205 239 447</b> | <b>99%</b> | <b>R2 461 019</b>  |
| CORRIDOR OR NODE | PROJECT                        | BUSINESS PLAN BUDGET |                     |                     |                     |                     |                     | CERTIFIED CLAIMS    | %          | VARIANCE           |
| Inner City       | Casa Mia (Phase 1&2)           | R500 000             | R0                  | R0                  | R0                  | R475 000            | R0                  | R0                  | 0%         | R500 000           |
|                  | Inner City Rental Housing      | R32 000 000          | R6 201 670          | R3 325 911          | R9 106 032          | R11 766 387         | R10 971 659         | R29 605 272         | 93%        | R2 394 728         |
|                  | 38 Rissik Street               | R0                   | R0                  | R0                  | R0                  | R0                  | R0                  | R0                  |            | R0                 |
|                  | Boosens Place                  | R1 000 000           | R0                  | R0                  | R221 568            | R728 432            | R778 432            | R1 000 000          | 100%       | R0                 |
|                  | 8-16 Abel Street               | R2 500 000           | R1 247 798          | R0                  | R0                  | R1 127 202          | R1 589 362          | R6 672 505          | 267%       | -R4 172 505        |
|                  | <b>SUB-TOTAL B</b>             | <b>R36 000 000</b>   | <b>R7 449 468</b>   | <b>R3 325 911</b>   | <b>R9 327 600</b>   | <b>R14 097 021</b>  | <b>R13 339 453</b>  | <b>R37 277 777</b>  | <b>0%</b>  | <b>-R1 277 777</b> |
| CORRIDOR OR NODE | PROJECT                        | BUSINESS PLAN BUDGET |                     |                     |                     |                     |                     | CERTIFIED CLAIMS    | %          | VARIANCE           |
| Randburg         | Randburg Selkirk               | R5 000 000           | R550 407            | R499 939            | R352 212            | R3 347 442          | R1 460 812          | R2 863 370          | 57%        | R2 136 630         |
|                  | <b>SUB-TOTAL C</b>             | <b>R5 000 000</b>    | <b>R550 407</b>     | <b>R499 939</b>     | <b>R352 212</b>     | <b>R3 347 442</b>   | <b>R1 460 812</b>   | <b>R2 863 370</b>   | <b>57%</b> | <b>R2 136 630</b>  |
| MINING BELT      | Roodepoort Phase 2             | R4 600 000           | R0                  | R0                  | R0                  | R4 370 000          | R1 008 926          | R1 008 926          | 22%        | R3 591 074         |
|                  | Princess Plot                  | R120 955 000         | R22 675 368         | R41 992 122         | R41 855 000         | R8 384 760          | R9 939 075          | R116 461 565        | 96%        | R4 493 435         |
|                  | <b>SUB-TOTAL D</b>             | <b>R125 555 000</b>  | <b>R22 675 368</b>  | <b>R41 992 122</b>  | <b>R41 855 000</b>  | <b>R12 754 760</b>  | <b>R10 948 001</b>  | <b>R117 470 491</b> | <b>0%</b>  | <b>R8 084 509</b>  |
| TURN KEYS        | PROJECT                        | BUSINESS PLAN BUDGET |                     |                     |                     |                     |                     | CERTIFIED CLAIMS    | %          | VARIANCE           |
|                  | Region A - River View Valumax  | R145 530 000         | R42 439 607         | R27 516 455         | R36 235 525         | R32 061 913         | R38 240 424         | R144 432 011        | 99%        | R1 097 989         |
|                  | Region B - Edenberg/Thlokomelo | R61 000 000          | R20 343 734         | R8 688 211          | R18 280 000         | R10 638 055         | R13 256 666         | R60 568 611         | 99%        | R431 389           |
|                  | Region D - Jeppes town/MIKVHA  | R47 300 000          | R1 321 793          | R0                  | R212 750            | R43 400 457         | R45 765 451         | R47 299 994         | 100%       | R6                 |
|                  | <b>SUB-TOTALE</b>              | <b>R253 830 000</b>  | <b>R64 105 134</b>  | <b>R36 204 666</b>  | <b>R54 728 275</b>  | <b>R86 100 425</b>  | <b>R97 262 541</b>  | <b>R252 300 616</b> | <b>99%</b> | <b>R1 529 384</b>  |
|                  | <b>TOTAL (A+B+C+D+E)</b>       | <b>R628 085 466</b>  | <b>R166 925 467</b> | <b>R100 837 354</b> | <b>R169 399 539</b> | <b>R159 518 833</b> | <b>R174 153 996</b> | <b>R615 151 701</b> | <b>98%</b> | <b>R12 933 765</b> |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |
|                  |                                |                      |                     |                     |                     |                     |                     |                     |            |                    |

**SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

The organisation has 21 key performance indicators and targets in the 2021/22 business plan. In the quarter, 20 targets were due for reporting with 6 targets achieved, whilst 14 were not achieved. The company performance is still concerning and robust interventions will have to be implemented in the new FY.

| Performance Targets      | Targets |
|--------------------------|---------|
| Total Annual Targets     | 21      |
| Applicable targets in Q4 | 20      |
| Targets achieved         | 6       |
| Targets not achieved     | 14      |
| 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 15: Performance against Predetermined Objectives as at 30 June 2022**

| Key Performance area     | Key Performance Indicator | Total Target for the year 2021/22 | Q4 Target | Q4 Actual | Variance | Reasons for under achievement and remedial Action  |
|--------------------------|---------------------------|-----------------------------------|-----------|-----------|----------|--|
| Financial sustainability | Current Ratio             | Current Ratio 1:1                 | 1:1       | 0.81:1    | -0.19    | The non-performance of this target is attributed to high provision for bad debts and high operating costs, mainly utility costs. The entity is also in an overdraft position that contributes to non-achievement of ratios   |
|                          | Solvency Ratio            | Solvency Ratio 1:1                | 1:1       | 0.83:1    | -0.17    | <p>The entity doesn't generate sufficient income to cover its operating expenses. However, the entity has developed a five (5)-year strategic plan which focuses on revenue enhancement activities in order to improve the entity's financial sustainability is under implementation as follows:</p> <ul style="list-style-type: none"> <li>• Increase in management fee income earned on projects implemented on behalf of other COJ entities – this strategy is progressing well; the entity is 23% above the projections for the year to date.</li> <li>• Student accommodation – a share of the collections has been transferred to JOSHCO. An addendum to the contract is currently being drafted to ensure timeous collection of monies due to the entity. Conclusion is expected in Q1 of FY2022/23</li> <li>• Outdoor advertising – The appointed service provider has done the development of the building wrap structures for advertisement at AA House and is now in the process of the development of Union square building. The following are the next developments proposed: <ul style="list-style-type: none"> <li>1.MBV</li> <li>2.African Diamond</li> <li>3.Raschers and</li> <li>4. Phoenix House.</li> </ul> </li> </ul> |

| Key Performance area | Key Performance Indicator | Total Target for the year 2021/22 | Q4 Target | Q4 Actual | Variance | Reasons for under achievement and remedial Action   |
|----------------------|---------------------------|-----------------------------------|-----------|-----------|----------|---|
|                      |                           |                                   |           |           |          | <p>The second phase of implementation will be signing of leases with the marketing companies for utilizing the space.</p> <p>The entity has a challenge of high expenditure. Strategies to reduce expenditure are as follows:</p> <ul style="list-style-type: none"> <li>• Staff costs: Replacement of physical security with technology to curb high staff overtime cost - The process of installation of Biometric systems in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway, currently 12 of 20 (60%) have been completed. It is envisaged that enrolment will be done by end of July 2022. JOSHCO is in the process of procurement for the storage of the data.</li> <li>• Staff costs: Management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. Negotiations underway with union representatives for selling of leave for qualifying employees.</li> <li>• Provision for bad debts – refer to mitigations for debt collection below.</li> <li>• Finance costs – refer to cost coverage mitigations below.</li> <li>• Repairs and Maintenance – refer to Section 2.2 above</li> <li>• Security - refer to Section 2.2 above</li> </ul> |

| Key Performance area | Key Performance Indicator | Total Target for the year 2021/22 | Q4 Target | Q4 Actual | Variance  | Reasons for under achievement and remedial Action   |
|----------------------|---------------------------|-----------------------------------|-----------|-----------|-----------|---|
|                      |                           |                                   |           |           |           | Utilities – The entity has appointed a service provider to provide a vending solution. To date, Dobsonville and Turffontein are now fully operating on the JOSHCO vending program. JOSHCO is building the capacity to take over the vending program after the three-year contract. The insourced maintenance team has been prepared to service the customers as and when required, the challenges in relation to the appointed service provider has been addressed and the system for vending has been developed and MTC will be providing smart meters as when required by the service provider. As per the statement of collection from the service provider, JOSCHO will received R600 000 from the service provider for the two properties. JOSCHO Management has started the process of creating a panel of service providers to provide water meters, water vending solution and additional electricity meters. This panel should be concluded by end of July 2022. |
|                      | Cost coverage ratio       | 50 Cost coverage ratio            | 50 days   | -237 days | -287 days | Non-performance is due to low cash balances and an overdraft as a result of settlement of suppliers prior to receiving claims from the departments that the entity is executing projects on behalf.<br><br>The highest outstanding balance from the entities that JOSHCO is executing projects on behalf is from the Department of Human Settlement. Human Settlement department (COJ) has undertaken to pay approximately R300 million of the outstanding balance of R924 million due to JOSHCO by 31 <sup>st</sup> August 2022. The Executive Director of Human Settlement Department has been requested to provide a plan for the new financial year   |

| Key Performance area | Key Performance Indicator                                | Total Target for the year 2021/22                        | Q4 Target  | Q4 Actual | Variance | Reasons for under achievement and remedial Action   |
|----------------------|--|--|--|-----------|----------|---|
|                      |  |  |  |           |          | <p>on how the department will settle the invoices due to JOSHCO which are not being disputed.</p> <p>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.</p> <p>Regular engagements are to be held with COJ departments to follow up on outstanding invoices. Finance department working with the office of the COO to ensure timeous submission of invoices to departments that JOSHCO is executing projects on behalf.</p> <p>The Finance manager to co-ordinate monthly meetings with the project team to track payment of invoices due to JOSHCO. Any department owing JOSHCO more than 60 days to be escalated to CFO for intervention. Amounts owing 90 days plus to be escalated to the CEO for engagement with the Executive Directors of those departments.</p> |
|                      | Remuneration to Operational expenditure (OPEX) up to 40% | Remuneration to Operational expenditure (OPEX) up to 40% | Remuneration to Operational expenditure (OPEX) up to 40% | 33%       | 7%       | Achieved  |



| Key Performance area | Key Performance Indicator                  | Total Target for the year 2021/22           | Q4 Target | Q4 Actual | Variance | Reasons for under achievement and remedial Action   |
|----------------------|--|---|-----------|-----------|----------|---|
|                      | % Collection in respect of current debtors | 90% Collection in respect of current debtor | 90%       | 56%       | -34%     | <p>The rental collection is low due to:</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>Mitigation:</p> <ul style="list-style-type: none"> <li>There has been a process undertaken to remove all the City Owned Public Stock from JOSCHO's books back to City's Human Settlement department 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 Human Settlement Department.</li> <li>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 organisational design process.</li> <li>To deal with the long outstanding debt, the entity has sourced an</li> </ul> |

| Key Performance area | Key Performance Indicator  | Total Target for the year 2021/22                                    | Q4 Target | Q4 Actual | Variance | Reasons for under achievement and remedial Action  |
|----------------------|--|--|-----------|-----------|----------|--|
|                      |  |  |           |           |          | <p>additional 4 service providers to assist with debt collection. JOSHCO has grouped its properties into four portfolios. Each portfolio will have a debt collector who will focus on that respective portfolio and the payment to the debt collector is performance driven, they will only claim for payment once they have assisted in recovery the monies owed at a percentage. The existing debt collector will be assigned to the City referral stock.</p> <ul style="list-style-type: none"> <li>JOSCHO will now send bulk SMS's to encourage payment arrangements, collection of the monthly statements at the site offices or getting the statements emailed to them.</li> <li>The numerous discount vouchers available per our policy will continue to be offered to tenants.</li> <li>A tenant engagement programme is currently being rolled out in collaboration with SHRA to deal with all post tenanting matters.</li> </ul> |
| Job creation         | Number of jobs created for the unemployed through EPWP programme | 500 number of jobs created for the unemployed through EPWP programme | 500       | 503       | 3        | Achieved   |
| Economic Development | % Of construction capex spent                                    | 30% Of construction capex spent on SMME                              | 30%       | 15.62%    | -14,38   | <ol style="list-style-type: none"> <li>Social Facilitators were appointed in some projects</li> <li>Engagement/Open days have been</li> </ol>  |

| Key Performance area       | Key Performance Indicator                                  | Total Target for the year 2021/22                             | Q4 Target   | Q4 Actual | Variance | Reasons for under achievement and remedial Action  |
|----------------------------|--|---|---|-----------|----------|--|
|                            | on SMME  |   |   |           |          | arranged for SMME's on projects to be able to engage various stakeholders within the Built environment in order be capacitated on how to implement and allocate resources on site.<br>3. The SMMEs payment in the fourth quarter improved very much because of wet trades being done at Lufhereng and Nancefield Social Housing developments.  |
|                            | % Of valid invoices paid within 30 days of invoice receipt | 100% of valid invoices paid within 30 days of invoice receipt | 100% of valid invoices paid within 30 days of invoice receipt | 100%      | 0        | Achieved   |
| Social Housing Development | No of Social Housing units developed                       | 483   | 483 Units   | 210       | -273     | Underperformance was due to some of the following reasons, stoppages resulting from SMMEs challenges. However, a total of 210 units were delivered in the following projects: <ul style="list-style-type: none"> <li>Lufhereng has achieved 90 units</li> <li>Princes Plot achieved 120 units</li> </ul> Mitigation<br>JOSHCO will focus on more engagements through the office of the MMC for Human Settlement with ward Councilors through the office of the MMC. SMME desks have been set up at projects that are under construction. |
|                            | No of Social Housing units completed                       | 349   | 349 Units   | 0         | -349     | The projects that were targeted to yield 349 units are completed with the exception of the occupation certificate.<br>This units are delivered through Abel Street and Rooderport Project.<br><br>Mitigation<br>The entity has engaged Development Planning Department requesting prioritization of the applications.  |

| Key Performance area                         | Key Performance Indicator   | Total Target for the year 2021/22   | Q4 Target          | Q4 Actual | Variance | Reasons for under achievement and remedial Action   |
|--|---|---|--------------------|-----------|----------|---|
|  | % Capital budget spent  | 95% capital budget spent  | 95%                | 98%       | 3%       | Achieved  |
| Effective property management                | % Occupancy rate  | 98% occupancy rate  | 98% occupancy rate | 98.26 %   | 0.26%    | Achieved  |
|  | Number of building conditional assessment concluded                     | 10 Buildings conditional assessment                                       | 10                 | 22        | 12       | Achieved  |
| Adherence to Corporate Government Principles | Unqualified audit opinion   | Unqualified audit opinion   | -                  |           |          | Pending AG results  |
|  | % Compliance to law and regulation                                      | 95% Compliance to laws and regulations                                    | 95%                | 83%       | -12      | Underperformance is as per the results of 5 Acts that are still below 100%. This includes key acts such as the Social Housing Act, Rental Act and POPI Act. The entity has put in place a compliance steering to track progress on SHRA compliance issues in order to remedy the shortcomings and work towards improving accreditation. For POPIA, the entity will source the services of consultant to conduct gap analysis and make recommendation. In the meantime, City has provided a tool that was used to assess some of the Act provisions and controls around processing of information at projects entrances were put in place. |
|  | % Implementation of targeted corrective action against identified risks | 95% Implementation of targeted corrective action against identified risks | 95%                | 84%       | -11      | Underperformance was due to some of the mitigations that were not fully implemented such as installation of burglars and CCTV cameras. To mitigate this, provision was made in the next FY budget. Furthermore, during the 2022/23 risk workshop, robust mitigation actions were identified for   |

| Key Performance area | Key Performance Indicator  | Total Target for the year 2021/22   | Q4 Target | Q4 Actual | Variance | Reasons for under achievement and remedial Action   |
|----------------------|--|---|-----------|-----------|----------|---|
|                      |  |   |           |           |          | implementation in the next FY.  |
| Corporate governance | % Implementation of targeted corrective action against internal audit findings | 95% implementation of targeted corrective action against internal audit findings  | 95%       | 74%       | -26%     | The underperformance is as a result of number of findings that are still open due to lack of budget to implement the corrective measures. Budget provision was made for those controls that require additional budget. Furthermore, the agreement was made that executives must have a KPI on audit in their scorecards.  |
|                      | % Implementation of targeted corrective action against external audit findings | 100% implementation of targeted corrective action against external audit findings | 100%      | 33%       | -67%     | <p>The interim financial statements were prepared. However, internal audit raised findings on the interim financial statements and could not clear the AG findings. The final financial statements to be submitted to the AG should clear the outstanding findings after the internal audit review.</p> <p>As part of the year-end process, management will have additional officials reviewing the AFS and Internal Audit will perform AFS review prior to submission to AGSA. Furthermore, the agreement was made that executives must have a KPI on audit in their scorecards.</p> <p>To address SCM related findings, all SCM officials are to undergo training to ensure they understand all SCM and National Treasury requirements.</p> |
|                      | % Employee occupancy rate  | 95% employee occupancy rate   | 95%       | 77%       | -18%     | The variance is a result of the moratorium placed on recruitment. To date, the entity has received the approval to recruit for the CEO, COO, Company Secretary, Executive Manager: Corporate Services and the Senior Manager ICT. Recruitment processes are underway. The entity awaits the approval of   |

| Key Performance area | Key Performance Indicator      | Total Target for the year 2021/22 | Q4 Target                        | Q4 Actual | Variance | Reasons for under achievement and remedial Action  |
|----------------------|--------------------------------|-----------------------------------|----------------------------------|-----------|----------|--|
|                      |                                |                                   |                                  |           |          | additional positions affected by the moratorium. Over and above, the entity has a total of 39 positions currently being recruited  |
|                      | % Customer satisfaction rating | 85% Customer satisfaction rating  | 85% Customer satisfaction rating | 0%        | -85%     | Underperformance was due to delays in the formation of specifications that needed to be aligned with SHRA requirements. The tender for occupancy audit and customer satisfaction is at award stage. The kick off meeting will take place with the appointed service provider and we anticipate that the survey will be concluded by the second week of August.<br>Going forward the customer satisfaction survey will be conducted on a quarterly basis per portfolio. |
|                      | % Employee satisfaction rating | 70% employee satisfaction rating  | 70% employee satisfaction rating | 0%        | -70%     | The entity had initially planned to utilise the City's Microsoft license in conducting the survey.<br><br>Mitigation<br>The entity then opted to reach out to employees through a different survey approach focusing on employees perception on job satisfaction. We await the results of the survey.  |

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

## SECTION 6: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

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

- (a) Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-

year business plan. As such JOSHCO and the City sign a five-year SDA that is reviewed annually, and the agreement outlines the entity's scorecard and seven service level standards that JOSHCO should adhere to when delivering its services to the Johannesburg communities.

JOSHCO reports on performance against seven pre-determined targets for Service Level Standards. In the quarter under review five standards were achieved against the target of seven with the results. The agreed service standards with the city covers the following:

- 98% accurate bills of all active customers
- 96% of maintenance request attended within 14 working days
- Routine building maintenance once per year and as when required
- Outcome of enquiry to be sent to application within 5 days
- Outcome of the application communicated within 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 Quarter ending 30 June 2022 related to the service level standards. Five of the seven standards were achieved while the two standards pertaining to turnaround time on maintenance remained a challenge throughout the quarter. However, the challenge of misalignment of process was identified and processes were aligned. The new process should turnaround the performance of the SLS in the new FY.

**Table 16: Service Level Standard Performance as at 30 June 2022.**

| Core Service                            | Service Level Standard Target  | April 2022 | May 2022 | June 2022 | Q4     | Variance explanation | Mitigations  |
|---|--|------------|----------|-----------|--------|----------------------|--|
| 1. Billing of customers                 | 98% accurate bills of all active customers                             | 98,42%     | 98,42%   | 98%       | 98%    | None                 | None   |
| 2. Attending to request for maintenance | 96% of maintenance requests attended within 14 days of the logged call | 66,77%     | 66,19%   | 69,57%    | 67,51% | -28,49%              | Underperformance was due to delays that were caused by lack of streamlined processes. Portfolio managers have been given the authority to carry some of the processes that were centralised.                                   |
| 3. Routine building maintenance         | Once per year and as when required                                     | 100%       | 100%     | 0%        | 66.7%  | -33,3%               | Underperformance was due to finalisation of appointment of the new panel that took longer than anticipated. The new panel of service provider specialising in fire equipment was established and started utilised in July 2022 |
| 4. Application of rental housing        | Outcome of enquiry to be sent to                                       | 2 days     | 2 days   | 1 days    | 2 days | None                 | None   |

|                                  |  |          |          |          |          |  |      |
|----------------------------------|--|----------|----------|----------|----------|--|------|
|                                  | application within 5 days  |          |          |          |          |  |      |
| 5. Application of rental housing | Outcome of the application communicated within 10 working days         | 3 days   | 4 days   | 6 days   | 4 days   | SMS were not working for the month of June due to payment delays. The 11 applicants were given feedback through Emails | None |
| 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    | 1 day    | 1 day    | None   | None |

## 6.1 PERFORMANCE AGAINST SERVICE STANDARDS (DETAILED)

### 6.1.1 Maintenance Function

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

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

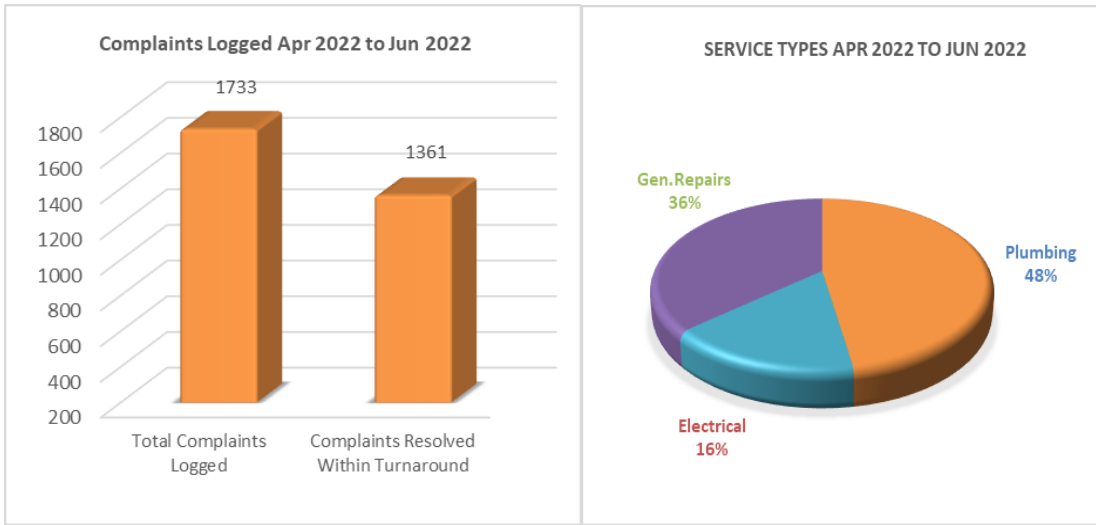
The total maintenance cost incurred for the quarter amounted to R10, 132 136.10 A total of 1733 reactive jobs were logged between April and June 2022. The SLS key performance indicator of 96% relating to the number of maintenance cases closed within turnaround of fourteen (14) days was not achieved. The department has achieved 78.53%. A total of 1733 jobs were logged during the quarter with 1361 jobs completed within the turnaround time of fourteen days and 372 were completed outside the required turnaround time.

In order to improve the turnaround time, the function of approving and allocating jobs to contractors on site has been shared to the four portfolio managers. Portfolio Managers are now responsible for the approval of jobs as well as the management of the maintenance budget. Maintenance administrators are



now working in collaboration with portfolio managers to create an environment that will improve the turnaround time.

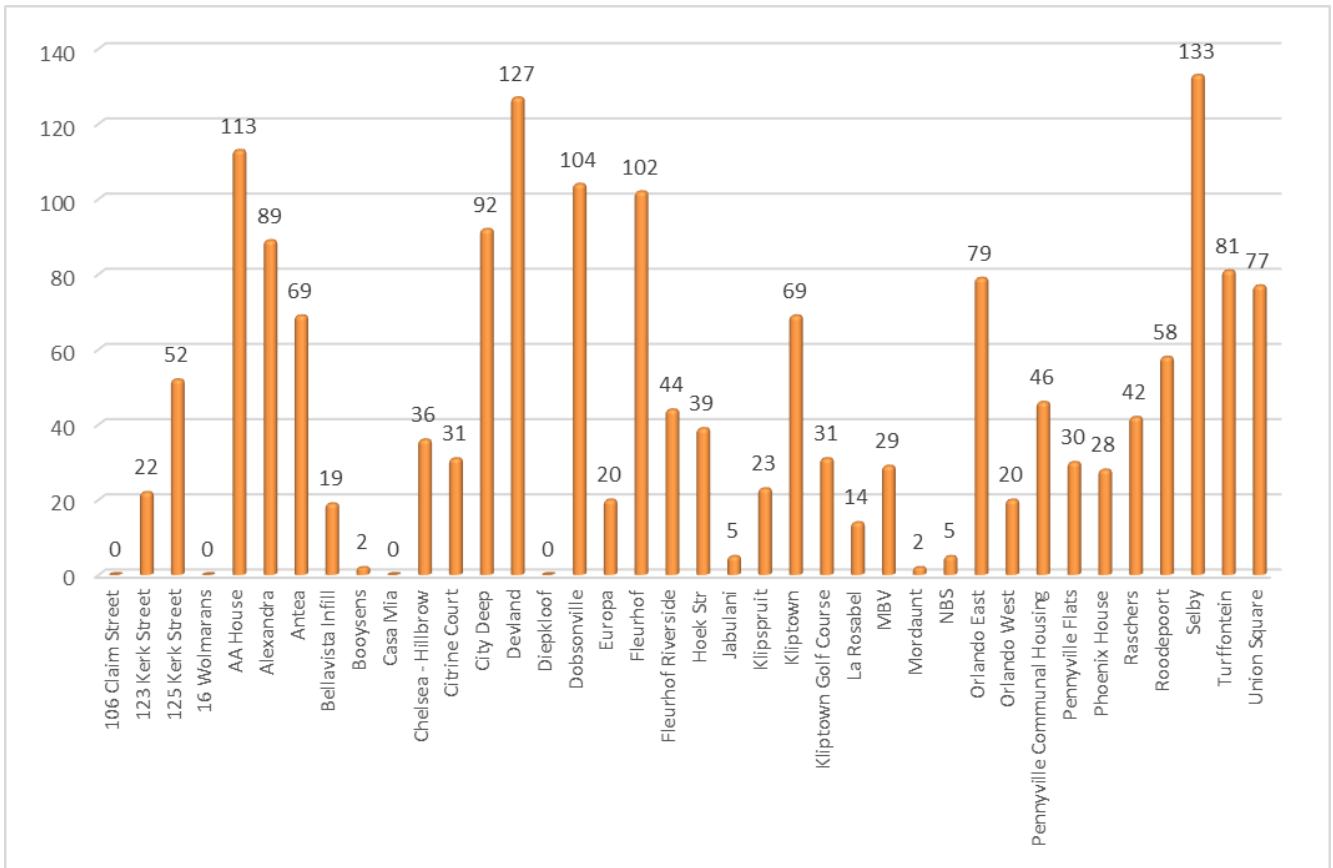
JOSHCO Executive committee has adopted the maintenance hybrid model that will see JOSHCO using both the insourced maintenance team and the outsourced contractors as a way of remedying the high maintenance cost. The insourced maintenance team will start in August 2022. Housing Management has re-arrange the portfolio set up to easily implement the phase one of the insourced in the inner-city project. All inner-city buildings are now under one portfolio manager who will lead the team. The insourced maintenance team will be used as a pilot to assess the effectiveness and efficiency of using the internal team versus the contractor.



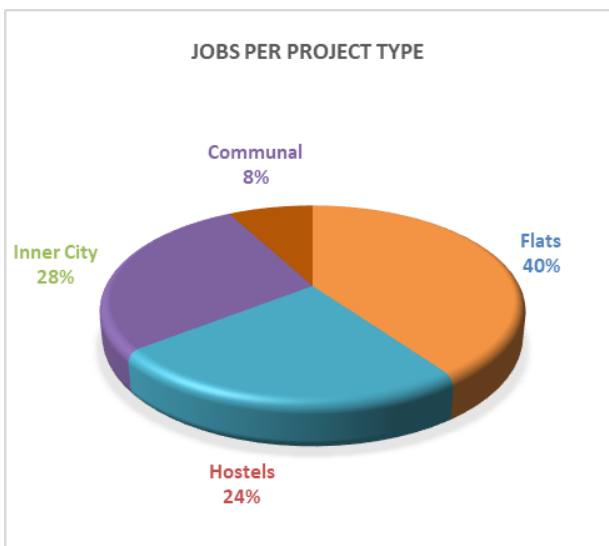
**Figure 4: Complaints Logged**

**Figure 5: Service Types**

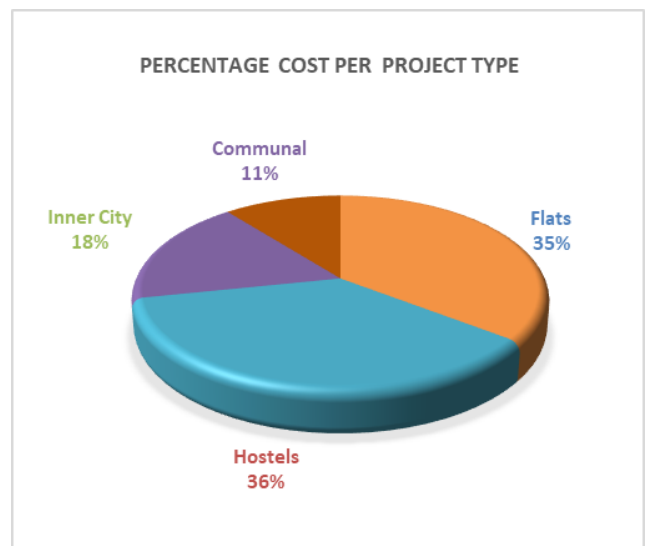
The following figure provides an analysis of jobs logged per project for the fourth quarter of 2021-2022



**Figure 6: Total Jobs per Project**



**Figure 7: Jobs per Project Type**



**Figure 8: Percentage Cost per Project Type**

The following table provides an analysis of maintenance costs per project for the 4th quarter of 2021-2022.

**Table 17: Project Unplanned Maintenance Costs**

| Project Name       | Q4 cost      | Q4 Budget  | Cost YTD     | Budget YTD   | % Budget YTD | Total Budget | % Budget Spent |
|--------------------|--------------|------------|--------------|--------------|--------------|--------------|----------------|
| 123 Kerk Street    | 117,311.98   | 55,000.00  | 258,983.37   | 220,000.00   | 117.72%      | 220,000.00   | 117.72%        |
| 125 Kerk Street    | 112,494.57   | 35,000.00  | 435,103.73   | 540,000.00   | 80.57%       | 540,000.00   | 80.57%         |
| AA House           | 198,724.45   | 180,000.00 | 1,347,105.88 | 720,000.00   | 187.10%      | 720,000.00   | 187.10%        |
| Alexandra          | 557,589.90   | 165,000.00 | 1,544,479.99 | 660,000.00   | 234.01%      | 660,000.00   | 234.01%        |
| Antea              | 382,565.41   | 205,000.00 | 1,422,469.11 | 820,000.00   | 173.47%      | 820,000.00   | 173.47%        |
| Bellavista Infill  | 66,208.55    | 42,000.00  | 186,161.94   | 168,000.00   | 110.81%      | 168,000.00   | 110.81%        |
| Booyens            | 7,881.69     | 30,000.00  | 115,819.10   | 120,000.00   | 96.52%       | 120,000.00   | 96.52%         |
| Chelsea - Hillbrow | 281,835.28   | 81,000.00  | 726,547.07   | 324,000.00   | 224.24%      | 324,000.00   | 224.24%        |
| Citrine Court      | 98,982.48    | 105,000.00 | 594,321.82   | 420,000.00   | 141.51%      | 420,000.00   | 141.51%        |
| City Deep          | 891,145.46   | 465,000.00 | 2,248,751.08 | 1,860,000.00 | 120.90%      | 1,860,000.00 | 120.90%        |
| Devland            | 227,080.99   | 172,250.00 | 796,494.08   | 689,000.00   | 115.60%      | 689,000.00   | 115.60%        |
| Diepkloof          | -            | 18,000.00  | 3,446.93     | 72,000.00    | 4.79%        | 72,000.00    | 4.79%          |
| Dobsonville        | 731,775.88   | 530,000.00 | 2,279,772.00 | 2,120,000.00 | 107.54%      | 2,120,000.00 | 107.54%        |
| Europa             | 109,190.32   | 52,500.00  | 497,155.35   | 210,000.00   | 236.74%      | 210,000.00   | 236.74%        |
| Fleurhof           | 561,963.66   | 362,500.00 | 3,691,208.72 | 1,450,000.00 | 254.57%      | 1,450,000.00 | 254.57%        |
| Fleurhof Riverside | 219,295.92   | 162,500.00 | 1,074,416.36 | 650,000.00   | 165.29%      | 650,000.00   | 165.29%        |
| Hoek Street        | 264,453.13   | 156,000.00 | 1,006,080.86 | 624,000.00   | 161.23%      | 624,000.00   | 161.23%        |
| Jabulani           | 13,674.75    | 25,500.00  | 29,944.45    | 102,000.00   | 29.36%       | 102,000.00   | 29.36%         |
| Klipspruit         | 233,411.34   | 66,000.00  | 708,816.26   | 264,000.00   | 268.49%      | 264,000.00   | 268.49%        |
| Kliptown           | 187,181.40   | 246,000.00 | 656,889.03   | 984,000.00   | 66.76%       | 984,000.00   | 66.76%         |
| Kliptown Golf      | 153,920.68   | 150,000.00 | 722,179.33   | 600,000.00   | 120.36%      | 600,000.00   | 120.36%        |
| La Rosabel         | 84,343.36    | 81,000.00  | 319,151.05   | 324,000.00   | 98.50%       | 324,000.00   | 98.50%         |
| MBV                | 53,508.72    | 138,000.00 | 456,342.26   | 552,000.00   | 82.67%       | 552,000.00   | 82.67%         |
| Mordaunt           | 25,071.00    |            | 25,071.00    | -            | -            | -            | -              |
| NBS                | 128,908.52   | 45,000.00  | 383,218.40   | 180,000.00   | 212.90%      | 180,000.00   | 212.90%        |
| Orlando East       | 346,482.79   | 189,000.00 | 886,968.83   | 756,000.00   | 117.32%      | 756,000.00   | 117.32%        |
| Orlando West       | 109,019.55   | 33,000.00  | 316,636.14   | 132,000.00   | 239.88%      | 132,000.00   | 239.88%        |
| Pennyville         | 527,964.18   | 82,500.00  | 1,817,462.47 | 330,000.00   | 550.75%      | 330,000.00   | 550.75%        |
| Pennyville Flats   | 431,665.79   | 111,250.00 | 1,738,502.65 | 445,000.00   | 390.67%      | 445,000.00   | 390.67%        |
| Phoenix House      | 35,125.12    | 45,000.00  | 298,288.56   | 180,000.00   | 165.72%      | 180,000.00   | 165.72%        |
| Raschers           | 111,294.93   | 66,000.00  | 438,707.61   | 264,000.00   | 166.18%      | 264,000.00   | 166.18%        |
| Roodepoort         | 359,132.02   | 211,000.00 | 1,673,037.82 | 844,000.00   | 198.23%      | 844,000.00   | 198.23%        |
| Selby              | 1,714,759.41 | 238,500.00 | 3,757,207.64 | 954,000.00   | 393.84%      | 954,000.00   | 393.84%        |
| Turffontein        | 543,598.40   | 325,000.00 | 1,845,316.71 | 1,300,000.00 | 141.95%      | 1,300,000.00 | 141.95%        |

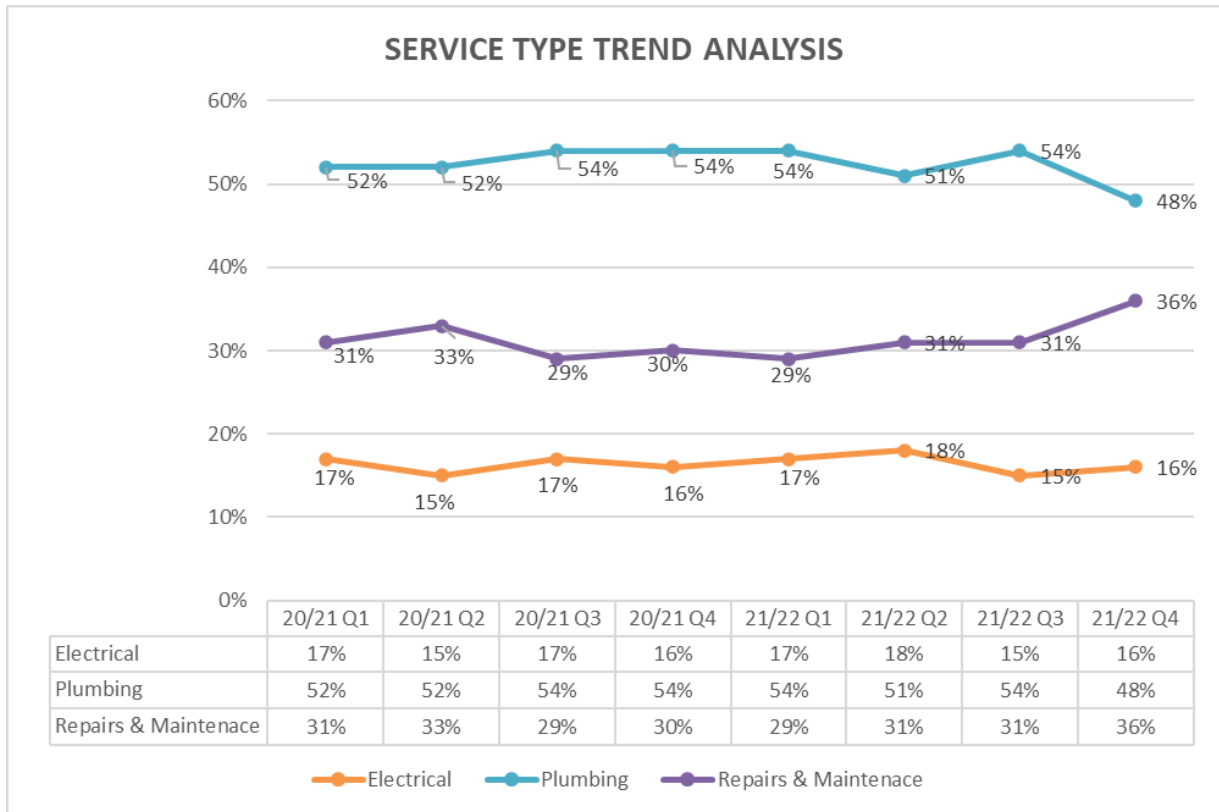
|                     |                      |                    |                      |                      |                |                      |                |
|---------------------|----------------------|--------------------|----------------------|----------------------|----------------|----------------------|----------------|
| <b>Union Square</b> | 244,574.47           | <b>300,000.00</b>  | 1,034,270.43         | 1,200,000.00         | 86.19%         | 1,200,000.00         | 86.19%         |
| <b>Grand Total</b>  | <b>10,132 136.10</b> | <b>5,269,500.0</b> | <b>35,336,328.03</b> | <b>21,078,000.00</b> | <b>167.65%</b> | <b>21,078,000.00</b> | <b>167.65%</b> |

## 6.2 UNPLANNED MAINTENANCE

Unplanned maintenance also referred to as reactive maintenance occurs when the failure of a building component requires immediate attention, it restores the component to operational condition following an unforeseen failure. The bulk of these activities are a response to requests lodged by tenants residing within JOSHCO buildings and preserves the tenant's comfort and convenience.

The jobs per service type remains consistent with the historical trends with thirty-six percent (36%) of jobs relating to general repairs and maintenance, forty-eight percent (48%) to plumbing, and sixteen (16%) to electrical. Plumbing remains the majority of the jobs due to blockages to drainage systems, aging infrastructure in converted hostel projects, replacement of geysers that burst due to the end of their life span and are out of warranty, repair and replacement of leaking water supply piping, replacement of sanitary fittings such as baths, basins and toilet that have failed due to the end of their life span, replacement of taps that have failed due to the end of their life span.

The below figure provides an analysis of the service type trends per quarter for the financial year 20/21-21/22.



**Figure 9: Service type trend analysis**

### 6.3 TURNAROUND TIMES

**Table 18: The following table provide a breakdown of maintenance turnaround achieved per project.**

| Project            | Total | Meet Turnaround | Outside Turnaround | Percentage |
|--------------------|-------|-----------------|--------------------|------------|
| 123 Kerk Street    | 22    | 13              | 9                  | 59.09%     |
| 125 Kerk Street    | 52    | 42              | 10                 | 80.77%     |
| AA House           | 113   | 97              | 16                 | 85.84%     |
| Alexandra          | 89    | 51              | 38                 | 57.30%     |
| Antea              | 69    | 27              | 42                 | 39.13%     |
| Bellavista Infill  | 19    | 17              | 2                  | 89.47%     |
| Booyens            | 2     | 2               | -                  | 100.00%    |
| Chelsea - Hillbrow | 36    | 35              | 1                  | 97.22%     |
| Citrine Court      | 31    | 23              | 8                  | 74.19%     |

|                             |              |                        |                           |                   |
|-----------------------------|--------------|------------------------|---------------------------|-------------------|
| City Deep                   | 92           | 65                     | 27                        | 70.65%            |
| Devland                     | 127          | 114                    | 13                        | 89.76%            |
| Dobsonville                 | 104          | 82                     | 22                        | 78.85%            |
| Diepkloof                   | -            | -                      | -                         | #DIV/0!           |
| Europa                      | 20           | 10                     | 10                        | 50.00%            |
| Fleurhof                    | 102          | 92                     | 10                        | 90.20%            |
| Fleurhof Riverside          | 44           | 37                     | 7                         | 84.09%            |
| Hoek Street                 | 39           | 27                     | 12                        | 69.23%            |
| Jabulani                    | 5            | 4                      | 1                         | 80.00%            |
| Klipspruit                  | 23           | 20                     | 3                         | 86.96%            |
| Kliptown                    | 69           | 59                     | 10                        | 85.51%            |
| Kliptown Golf Course        | 31           | 18                     | 13                        | 58.06%            |
| <b>Project</b>              | <b>Total</b> | <b>Meet Turnaround</b> | <b>Outside Turnaround</b> | <b>Percentage</b> |
| La Rosabel                  | 14           | 2                      | 12                        | 14.29%            |
| MBV                         | 29           | 25                     | 4                         | 86.21%            |
| Mordaunt                    | 2            | 2                      | -                         | 100.00%           |
| NBS                         | 5            | 1                      | 4                         | 20.00%            |
| Orlando East                | 79           | 59                     | 20                        | 74.68%            |
| Orlando West                | 20           | 16                     | 4                         | 80.00%            |
| Pennyville Communal Housing | 46           | 45                     | 1                         | 97.83%            |
| Pennyville Flats            | 30           | 30                     | -                         | 100.00%           |
| Phoenix House               | 28           | 23                     | 5                         | 82.14%            |
| Raschers                    | 42           | 29                     | 13                        | 69.05%            |
| Roodepoort                  | 58           | 55                     | 3                         | 94.83%            |
| Selby                       | 133          | 131                    | 2                         | 98.50%            |
| Turffontein                 | 81           | 62                     | 19                        | 76.54%            |
| Union Square                | 77           | 46                     | 31                        | 59.74%            |
| <b>Grand Total</b>          | <b>1,733</b> | <b>1,361</b>           | <b>372</b>                | <b>78.53%</b>     |

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

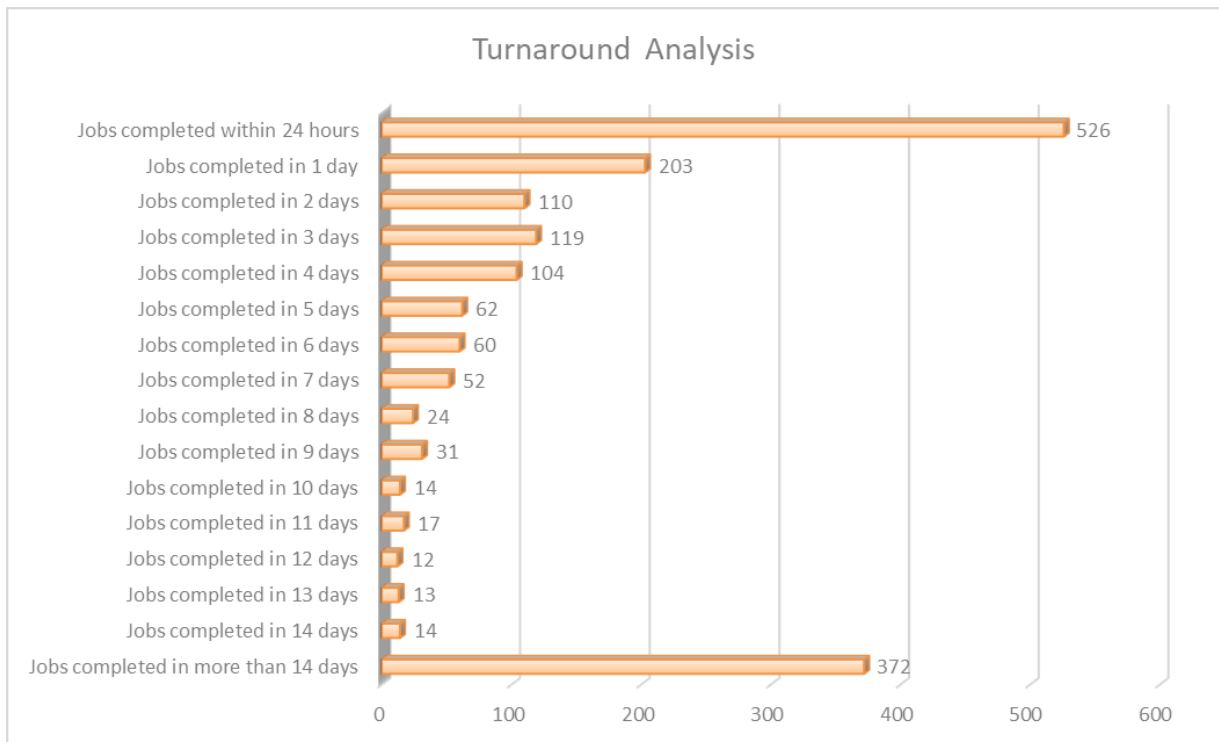


Figure 10: Breakdown of maintenance turnaround in days.

### Rapid Response to unplanned maintenance requests

As of the 1<sup>st</sup> Of April 2022, there will be a cohort of service providers allocated per projected to attend the maintenance issues, there will be a full rotation of services and the quality of service provided will be monitored using “before and after” pictures, as well as a happy letter signed by both the Housing supervisor and tenant.

The A/COO working with the Portfolio Managers has undergone an exercise of updating the standardized price list items. Management has appointed an independent QS consultant to assist in the price standardization and finalization of prices. To ensure that the value for money is achieved and maintenance work can be done without delay of market analysis as usual which prolongs the appointment process for a service provider.

*For example: Europa house, will have a list of service providers who can do work based on the standardized price list, furthermore we will have PO issued on the whole building capped at*

R100 000 per building, this will assist in monitoring the expenditure on maintenance on the JOHSCO projects.

#### 6.4 PLANNED MAINTENANCE SCHEDULE

Planned maintenance consists of legislative, and condition-based maintenance. The benefit of preventative maintenance includes to minimize the likelihood of building asset failures, health and safety issues and disruptions to service delivery. Legislative maintenance is maintenance to meet requirements mandated in Acts, Regulations, or any other legal requirements instrument.

Condition-based maintenance is identified as part of a condition assessment or inspection process. The maintenance work is carried out because the physical condition of a building structure, building elements, or service is below the acceptable standard. The following table provides a breakdown of planned maintenance executed during quarter three for the 2021-2022 financial year. The decision was taken to suspend some of the planned maintenance with an aim of attending the urgent unplanned maintenance as well as to contain maintenance costs.

**Table 19: Planned maintenance schedule**

| PLANNED MAINTENANCE: 2021-2022                    | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
|---|-----------|-----------|-----------|-----------|
| <b>OHSA</b>                                       |           |           |           |           |
| Service fire equipment                            | 200 949   | 1 160 642 | 316 233   | 187 033   |
| <b>EPWP</b>                                       |           |           |           |           |
| EPWP Programmes                                   | 309 079   | 12 825    | 218 187   |           |
| <b>AA House</b>                                   |           |           |           |           |
| Installation of steel doors in communal bathrooms | 53 287    |           |           |           |
| Installation of doors over the service ducts      | 74 401    |           |           |           |
| Service of roller shutter doors                   | 8 398     |           |           |           |
| Repair & installation additional washing lines    | 127 543   | 12 076    |           |           |
| Painting window frames                            | 22 467    |           |           |           |
| Service of generator                              |           | 21 230    |           |           |
| Pest control                                      |           |           |           | 148 115   |
| Installation of security bars on opening windows  |           | 105 334   |           |           |
| <b>Antea</b>                                      |           |           |           |           |
| Installation of security gates at the storeroom   | 7 576     |           |           |           |
| Installation of LED lights in corridors           | 15 816    | 21 603    |           |           |
| Service of water booster pump system              |           | 42 247    |           |           |



|  |         |         |           |         |
|--|---------|---------|-----------|---------|
| Pest control   |         |         |           | 45 366  |
| Main Entrance Turnstile                                    |         |         | 36<br>409 |         |
| <b>Bellavista Infill</b>                                   |         |         |           |         |
| Installation of LED lights in corridors                    |         | 27 482  |           |         |
| Pest control   |         |         |           | 34 320  |
| Tiling of common area corridors on 1st & 2nd floors        |         | 116 710 |           |         |
| Repair of children's play equipment                        |         | 6 636   |           |         |
| <b>Chelsea</b>   |         |         |           |         |
| Repair and waterproofing of the roof area                  |         | 171 448 |           |         |
| <b>Citrine Court</b>                                       |         |         |           |         |
| Installation of LED lights in corridors                    |         | 7 614   |           |         |
| Pest control   |         |         |           | 70 455  |
| Install a brick wall fence behind the building             |         |         |           | 82 796  |
| Repair of children's play equipment                        |         | 6 613   |           |         |
| Installation of solar solution to power common area lights |         | 102 519 |           |         |
| <b>City Deep</b>   |         |         |           |         |
| Drawings to convert admin office to retail space           | 5 039   |         |           |         |
| Service of heat pumps                                      |         | 143 440 |           |         |
| Repaint security turnstile gates                           |         | 21 077  |           |         |
| Repainting of road markings                                |         | 86 046  |           |         |
| Repair of damaged exterior walls                           |         | 171 950 |           |         |
| Refurbish the Boardroom and install air conditioner        |         |         |           | 108 993 |
| Cleaning of all gutters and downpipes                      |         | 40 591  |           |         |
| Repair of admin block roof                                 |         | 127 839 |           |         |
| <b>Devland</b>   |         |         |           |         |
| Pest control   |         |         |           | 78 222  |
| Servicing of solar geysers                                 | 172 645 |         |           |         |
| <b>Dobsonville</b>   |         |         |           |         |
| Servicing of heat pumps                                    |         | 43 667  |           |         |
| Pest control   |         |         |           | 148 504 |
| Installation of additional washing line areas              |         | 60 208  |           |         |
| Laying of paving around block A and B                      |         | 173 071 |           |         |
|  |         |         |           |         |
| Waterproofing of roof area                                 | 36 338  |         |           |         |
| Servicing of heat pump                                     |         | 31 914  |           |         |
| <b>Fleurhof Junction</b>                                   |         |         |           |         |
| Repair & service of heat pump systems                      | 325 693 | 714 047 |           |         |

|   |         |         |  |         |
|---|---------|---------|--|---------|
| Interior painting & repairs of units              | 199 669 | 29 897  |  |         |
| Maintenance of common area lights                 | 27 406  |         |  |         |
| Phase 1-4 burglar proof guardrooms                |         |         |  | 59 542  |
| Repair of paving in all blocks                    | 63 912  |         |  |         |
| Painting of parking and traffic lines             | 20 549  |         |  |         |
| Secure heat pumps to safeguard from vandalism     |         |         |  | 348 340 |
| Pest control                                      |         |         |  | 181 284 |
| Extension of fence at high-risk area              |         | 28 708  |  |         |
| <b>Fleurhof Riverside</b>                         |         |         |  |         |
| Repair & service of heat pump systems             | 53 933  |         |  |         |
| Pest control                                      |         |         |  | 166 292 |
| Phase 1 & 2 Heat pump annual service 2022         |         |         |  | 56 950  |
| Block F Structural damage and leakages            |         |         |  | 73 453  |
| Installation of awnings to top floor units        |         | 341 831 |  |         |
| <b>Hoek Street</b>                                |         |         |  |         |
| Service of heat pump system                       | 23 781  | 8 398   |  |         |
| Installation of roller shutter gates              |         | 124 767 |  |         |
| Service of generator                              |         | 2 099   |  |         |
| Service of gate motor                             |         | 4 570   |  |         |
| Installation of stormwater channeling at entrance |         | 17 679  |  |         |
| Service of extractor fans                         |         | 15 988  |  |         |
| Pest control                                      |         |         |  | 37 618  |
| Installation of fire cabinets                     |         | 85 060  |  |         |
| Service of smoke detection systems                |         | 25 144  |  |         |
| <b>Jabulani</b>                                   |         |         |  |         |
| Roof repairs                                      | 20 012  |         |  |         |

|   |         |         |        |         |
|---|---------|---------|--------|---------|
| <b>Klipspruit</b>                                     |         |         |        |         |
| Block 1,2,3 Painting of Bathroom walls                |         |         |        | 51 324  |
| Block 1-3 Replacement of taps in kitchens & bathrooms |         |         |        | 107 979 |
| Block 1-3 Install water stations for each block       |         |         |        | 114 806 |
| Main drains in the project needs to be restructured   |         |         |        | 87 077  |
| Block 1-3 Replacement of bathroom doors               |         |         |        | 107 980 |
| Block 1-3 Replace all sewer inspection eyes           |         |         |        | 87 077  |
| Block 1- 3 Tiling of Bathrooms                        |         |         |        | 90 138  |
| Block 1-3 Install shower dividers                     |         |         |        | 58 549  |
| Repairs to communal stoves                            |         |         |        | 155 176 |
| Pest control  |         |         |        | 37 789  |
| Block 1-3 Replace handbasins & shower heads           |         |         |        | 77 656  |
| Installation of LED lights in corridors               |         | 173 048 |        |         |
| <b>Kliptown Golfcourse</b>                            |         |         |        |         |
| Installation of new guardhouse                        |         | 25 672  |        |         |
| Pest control  |         |         |        | 149 710 |
| Installation of additional washing line areas         |         | 36 469  |        |         |
| <b>Kliptown Square</b>                                |         |         |        |         |
| Pest control  |         |         |        | 173 800 |
| Cleaning of all gutters                               |         |         |        | 58 744  |
| Pest Control  |         |         |        | 39 856  |
| Securing electrical distribution kiosks               |         | 29 951  |        |         |
| <b>La Rosabel</b>                                     |         |         |        |         |
| Pest control  |         |         |        | 9 240   |
| Security upgrade to guardhouse                        | 21 084  |         |        |         |
| <b>MBV</b>  |         |         |        |         |
| Repair to common area lights                          | 78 809  |         |        |         |
| <b>Orlando Ekhaya</b>                                 |         |         |        |         |
| Service of solar geysers                              | 173 745 |         |        |         |
| Pest control  |         |         |        | 165 083 |
| Repair of all the washing lines                       |         |         |        | 28 096  |
| Repair of gutters and down pipes                      |         |         |        | 32 670  |
| Paving around block C                                 |         | 66 897  |        |         |
| <b>Orlando West</b>                                   |         |         |        |         |
| Pest Control  |         |         |        | 28 050  |
| Interior painting & repairs of units                  |         | 21 919  | 37 817 |         |
| <b>Pennyville</b>                                     |         |         |        |         |

|  |         |         |  |         |
|--|---------|---------|--|---------|
| Replacement of geyser overflow pipes in all blocks | 106 316 |         |  |         |
| Pest control                                       |         |         |  | 129 638 |
| Installation of fascia Boards at all flats         | 83 259  | 712 799 |  |         |
| Replacement of missing gutters and downpipes       |         | 403 751 |  |         |

|   |        |         |        |         |
|---|--------|---------|--------|---------|
| <b>Raschers</b>   |        |         |        |         |
| Service of heat pumps   | 22 889 |         |        |         |
| Painting of communal bathrooms                                |        |         |        | 62 970  |
| Installation of security gates at the washing area            | 5 488  |         |        |         |
| Main Entrance Gate  |        |         | 12 452 |         |
| <b>Selby</b>  |        |         |        |         |
| Installation of speed reducing bumps in parking area          | 25 949 |         |        |         |
| Installation of gate motors at project entrance & exit        | 46 778 |         |        |         |
| Pest control  |        |         |        | 36 740  |
| Replace all cracked windows                                   |        |         |        | 27 116  |
| Securing and repairing common area taps                       |        |         |        | 8 437   |
| Installation of new main gates                                |        | 41 937  |        |         |
| <b>Textile House</b>  |        |         |        |         |
| Separation of PVC waste pipes to prevent blockage             | 63 902 |         |        |         |
| Painting of parking lines                                     |        | 5 523   |        |         |
| Pest Control  |        |         |        | 48 202  |
| Replacement of corridor broken windows                        |        | 30 566  |        |         |
| <b>Tshedzani Flats</b>  |        |         |        |         |
| Pest control for all 4 phases                                 |        |         |        | 144 760 |
| Internal painting & tiling of units                           | 49 136 |         |        |         |
| <b>Turffontein</b>  |        |         |        |         |
| Servicing of heat pump systems                                | 29 400 | 93 696  |        |         |
| Installation of barrel lock and security bars to ground units |        | 105 799 |        |         |
| Pest control  |        |         |        | 172 656 |
| Sealing of holes within the service ducts                     |        | 107 805 |        |         |
| Install insulation around balcony doors to prevent wind       |        | 37 164  |        |         |
| <b>Union Square</b>   |        |         |        |         |
| Refurbishment of retail space                                 | 51 241 |         |        |         |
| Installation of flood lights on the roof area                 | 13 524 |         |        |         |
| Securing of all common area distribution Boards               | 22 948 |         |        |         |
| Installation of notices Boards                                | 12 115 |         |        |         |
| Repairs to DSTV system & surge protection                     |        | 110 755 |        |         |

|  |                  |                  |                |                  |
|--|------------------|------------------|----------------|------------------|
| Service of fire detection system                         |                  | 56 562           |                |                  |
| Installation of additional washing lines                 |                  | 21 129           |                |                  |
| Separation of circuit breakers to lights and DSTV system |                  | 10 177           |                |                  |
| <b>Total Expenditure</b>                                 | <b>2 575 076</b> | <b>6 204 585</b> | <b>621 098</b> | <b>4 118 605</b> |

## 6.5 MAINTENANCE ANALYSIS PER PROJECT

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

**Table 20: Maintenance analysis per project**

| Project Name                 | Service Type          | No. of Units | Common Area | Total Jobs | Amount  |
|------------------------------|-----------------------|--------------|-------------|------------|---------|
| <b>123 Kerk Street</b>       | Electrical            | 2            | 1           | 3          | 9 527   |
|                              | Plumbing              | 5            | -           | 5          | 14 659  |
|                              | Re-instatement        | 5            | -           | 5          | 43 849  |
|                              | Repairs & Maintenance | 2            | 7           | 9          | 49 277  |
| <b>123 Kerk Street Total</b> |                       | 14           | 8           | 22         | 117 312 |
| <b>125 Kerk Street</b>       | Electrical            | 6            | 5           | 11         | 24 791  |
|                              | Plumbing              | 13           | 2           | 15         | 30 080  |
|                              | Re-instatement        | 1            | -           | 1          | -       |
|                              | Repairs & Maintenance | 15           | 10          | 25         | 57 624  |
| <b>125 Kerk Street Total</b> |                       | 35           | 17          | 52         | 112 495 |
| <b>AA House</b>              | Electrical            | 6            | 9           | 15         | 7 295   |
|                              | Plumbing              | 34           | 38          | 72         | 96 707  |
|                              | Re-instatement        | 2            | -           | 2          | 11 649  |
|                              | Repairs & Maintenance | 14           | 10          | 24         | 83 074  |
| <b>AA House Total</b>        |                       | 56           | 57          | 113        | 198 724 |
| <b>Alexandra</b>             | Electrical            | -            | 6           | 6          | 75 682  |
|                              | Plumbing              | -            | 53          | 53         | 318 321 |
|                              | Repairs & Maintenance | 1            | 29          | 30         | 163 588 |
| <b>Alexandra Total</b>       |                       | 1            | 88          | 89         | 557 590 |
| <b>Antea</b>                 | Electrical            | 9            | 18          | 27         | 54 194  |
|                              | Plumbing              | 19           | 2           | 21         | 52 082  |
|                              | Re-instatement        | 1            | -           | 1          | 19 338  |
|                              | Repairs & Maintenance | 14           | 5           | 19         | 216 013 |
|                              | Garden Services       | -            | 1           | 1          | 40 938  |
| <b>Antea Total</b>           |                       | 43           | 26          | 69         | 382 565 |
| <b>Bellavista Infill</b>     | Electrical            | 2            | 3           | 5          | 20 074  |
|                              | Plumbing              | 4            | 1           | 5          | 4 445   |
|                              | Re-instatement        | 2            | -           | 2          | 20 829  |
|                              | Repairs & Maintenance | 3            | 4           | 7          | 20 861  |

|                                |                       |    |    |     |         |
|--------------------------------|-----------------------|----|----|-----|---------|
| <b>Bellavista Infill Total</b> |                       | 11 | 8  | 19  | 66 209  |
| <b>Boysens</b>                 | Plumbing              | -  | 2  | 2   | 7 882   |
| <b>Boysens Total</b>           |                       | -  | 2  | 2   | 7 882   |
| <b>Chelsea</b>                 | Electrical            | -  | 1  | 1   | 13 720  |
|                                | Plumbing              | -  | 27 | 27  | 155 329 |
|                                | Repairs & Maintenance | -  | 8  | 8   | 112 786 |
| <b>Chelsea Total</b>           |                       | -  | 36 | 36  | 281 835 |
| <b>Citrine Court</b>           | Electrical            | 2  | 3  | 5   | 13 712  |
|                                | Plumbing              | 10 | 4  | 14  | 36 996  |
|                                | Re-instatement        | 1  | -  | 1   | 10 928  |
|                                | Repairs & Maintenance | 4  | 6  | 10  | 35 747  |
|                                | Garden Services       | -  | 1  | 1   | 1 601   |
| <b>Citrine Court Total</b>     |                       | 17 | 14 | 31  | 98 982  |
| <b>City Deep</b>               | Electrical            | 3  | 5  | 8   | 70 227  |
|                                | Plumbing              | 37 | 13 | 50  | 216 703 |
|                                | Repairs & Maintenance | 15 | 19 | 34  | 604 216 |
| <b>City Deep Total</b>         |                       | 55 | 37 | 92  | 891 145 |
| <b>Devland</b>                 | Electrical            | 3  | 12 | 15  | 16 360  |
|                                | Plumbing              | 16 | 17 | 33  | 32 406  |
|                                | Re-instatement        | -  | 1  | 1   | 7 449   |
|                                | Repairs & Maintenance | 26 | 47 | 73  | 160 491 |
|                                | Fire Equipment        | -  | 1  | 1   | 525     |
|                                | Garden Services       | -  | 4  | 4   | 9 851   |
| <b>Devland Total</b>           |                       | 45 | 82 | 127 | 227 081 |
| <b>Dobsonville</b>             | Electrical            | 3  | 7  | 10  | 20 555  |
|                                | Plumbing              | 22 | 23 | 45  | 197 513 |
|                                | Re-instatement        | 2  | -  | 2   | 17 776  |
|                                | Repairs & Maintenance | 22 | 25 | 47  | 495 932 |
| <b>Dobsonville Total</b>       |                       | 49 | 55 | 104 | 731 776 |
| <b>Europa</b>                  | Electrical            | -  | 9  | 9   | 44 153  |
|                                | Plumbing              | -  | 4  | 4   | 6 187   |
|                                | Repairs & Maintenance | -  | 7  | 7   | 58 850  |
| <b>Europa Total</b>            |                       | -  | 20 | 20  | 109 190 |
| <b>Fleurhof</b>                | Electrical            | 6  | 18 | 24  | 38 396  |
|                                | Plumbing              | 33 | 36 | 69  | 274 122 |
|                                | Re-instatement        | 5  | 2  | 7   | 103 362 |
|                                | Repairs & Maintenance | 16 | 30 | 46  | 365 379 |
| <b>Fleurhof Total</b>          |                       | 60 | 86 | 146 | 781 260 |
| <b>Hoek Street</b>             | Electrical            | -  | 2  | 2   | 81 229  |
|                                | Plumbing              | 1  | 28 | 29  | 131 506 |
|                                | Repairs & Maintenance | 8  | -  | 8   | 51 718  |

|                                   |                       |    |    |    |         |
|-----------------------------------|-----------------------|----|----|----|---------|
| <b>Hoek Street Total</b>          |                       | 9  | 30 | 39 | 264 453 |
| <b>Jabulani</b>                   | Electrical            | -  | 1  | 1  | 4 280   |
|                                   | Plumbing              | 2  | 2  | 4  | 9 394   |
| <b>Jabulani Total</b>             |                       | 2  | 3  | 5  | 13 675  |
| <b>Mordaunt</b>                   | Plumbing              | 1  | -  | 1  | 1 302   |
|                                   | Repairs & Maintenance | -  | 1  | 1  | 23 769  |
| <b>Mordaunt Total</b>             |                       | 1  | 1  | 2  | 25 071  |
| <b>Klipspruit</b>                 | Electrical            | 1  | 2  | 3  | 13 759  |
|                                   | Plumbing              | -  | 6  | 6  | 110 853 |
|                                   | Repairs & Maintenance | -  | 14 | 14 | 108 799 |
| <b>Klipspruit Total</b>           |                       | 1  | 22 | 23 | 233 411 |
| <b>Kliptown</b>                   | Electrical            | 6  | 2  | 8  | 6 707   |
|                                   | Plumbing              | 18 | 21 | 39 | 48 286  |
|                                   | Re-instatement        | 4  | 1  | 5  | 88 722  |
|                                   | Repairs & Maintenance | 9  | 8  | 17 | 43 466  |
| <b>Kliptown Total</b>             |                       | 37 | 32 | 69 | 187 181 |
| <b>Kliptown Golf Course</b>       | Electrical            | 1  | -  | 1  | 1 732   |
|                                   | Plumbing              | 7  | 18 | 25 | 86 187  |
|                                   | Repairs & Maintenance | 1  | 4  | 5  | 66 002  |
| <b>Kliptown Golf Course Total</b> |                       | 9  | 22 | 31 | 153 921 |
| <b>La Rosabel</b>                 | Electrical            | 1  | 2  | 3  | 4 213   |
|                                   | Plumbing              | -  | 3  | 3  | 4 489   |
|                                   | Re-instatement        | 1  | -  | 1  | 11 431  |
|                                   | Repairs & Maintenance | -  | 7  | 7  | 64 210  |
| <b>La Rosabel Total</b>           |                       | 2  | 12 | 14 | 84 343  |
| <b>MBV</b>                        | Electrical            | 1  | 5  | 6  | 22 011  |
|                                   | Plumbing              | -  | 23 | 23 | 31 498  |
| <b>MBV Total</b>                  |                       | 1  | 28 | 29 | 53 509  |
| <b>NBS</b>                        | Electrical            | -  | 4  | 4  | 127 510 |
|                                   | Plumbing              | -  | 1  | 1  | 1 398   |
| <b>NBS Total</b>                  |                       | -  | 5  | 5  | 128 909 |
| <b>Orlando East</b>               | Electrical            | 3  | 8  | 11 | 52 338  |
|                                   | Plumbing              | 28 | 5  | 33 | 101 779 |
|                                   | Re-instatement        | 3  | -  | 3  | 38 558  |
|                                   | Repairs & Maintenance | 21 | 10 | 31 | 146 752 |
|                                   | Garden Services       | -  | 1  | 1  | 7 057   |
| <b>Orlando East Total</b>         |                       | 55 | 24 | 79 | 346 483 |
| <b>Orlando West</b>               | Electrical            | -  | 1  | 1  | 9 292   |
|                                   | Plumbing              | 5  | 2  | 7  | 8 372   |
|                                   | Repairs & Maintenance | 4  | 8  | 12 | 91 356  |
| <b>Orlando West Total</b>         |                       | 9  | 11 | 20 | 109 020 |

|                            |                       |       |     |       |               |
|----------------------------|-----------------------|-------|-----|-------|---------------|
| <b>Pennyville</b>          | Electrical            | 3     | 11  | 14    | 319 570       |
|                            | Plumbing              | 20    | 21  | 41    | 201 425       |
|                            | Re-instatement        | 2     | -   | 2     | 54 031        |
|                            | Repairs & Maintenance | 6     | 13  | 19    | 384 604       |
| <b>Pennyville Total</b>    |                       | 31    | 45  | 76    | 959 630       |
| <b>Phoenix House</b>       | Electrical            | 4     | 2   | 6     | 5 006         |
|                            | Plumbing              | 3     | 9   | 12    | 12 906        |
|                            | Repairs & Maintenance | 1     | 9   | 10    | 17 214        |
| <b>Phoenix House Total</b> |                       | 8     | 20  | 28    | 35 125        |
| <b>Raschers</b>            | Electrical            | 1     | 6   | 7     | 6 133         |
|                            | Plumbing              | -     | 22  | 22    | 10 600        |
|                            | Re-instatement        | 3     | -   | 3     | 12 785        |
|                            | Repairs & Maintenance | 2     | 8   | 10    | 81 777        |
| <b>Raschers Total</b>      |                       | 6     | 36  | 42    | 111 295       |
| <b>Roodepoort</b>          | Electrical            | 5     | 3   | 8     | 71 217        |
|                            | Plumbing              | 18    | 24  | 42    | 151 799       |
|                            | Repairs & Maintenance | -     | 8   | 8     | 136 116       |
| <b>Roodepoort Total</b>    |                       | 23    | 35  | 58    | 359 132       |
| <b>Selby</b>               | Electrical            | 12    | 4   | 16    | 121 481       |
|                            | Plumbing              | 60    | 12  | 72    | 898 599       |
|                            | Re-instatement        | 1     | -   | 1     | 21 389        |
|                            | Repairs & Maintenance | 35    | 9   | 44    | 673 290       |
| <b>Selby Total</b>         |                       | 108   | 25  | 133   | 1 714 759     |
| <b>Turffontein</b>         | Electrical            | 17    | 8   | 25    | 225 513       |
|                            | Plumbing              | 13    | 17  | 30    | 191 518       |
|                            | Re-instatement        | 1     | -   | 1     | 13 222        |
|                            | Repairs & Maintenance | 18    | 4   | 22    | 82 887.77     |
|                            | Garden Services       | -     | 3   | 3     | 30 457.71     |
| <b>Turffontein Total</b>   |                       | 49    | 32  | 81    | 543 598.40    |
| <b>Union Square</b>        | Electrical            | 1600% | 10  | 26    | 79 416.88     |
|                            | Plumbing              | 12    | 5   | 17    | 63 641.75     |
|                            | Repairs & Maintenance | 19    | 15  | 34    | 101 515.84    |
| <b>Union Square Total</b>  |                       | 47    | 30  | 77    | 244 574.47    |
| <b>Grand Total</b>         |                       | 784   | 949 | 1 733 | 10 132 136.10 |



**Table 21: Top 5 High Maintenance Costs Key Drivers**

| Project Name | Description      | Quarter 4 cost | General building condition   |
|--------------|------------------|----------------|--|
| Selby Hostel | Brown Filed      | 1 714 759.41   | <ul style="list-style-type: none"> <li>• Collapsing sewer lines</li> <li>• Old electric cables</li> <li>• Mould in the units</li> </ul>                        |
| Dobsonville  | Green Field      | 731 775.80     | <ul style="list-style-type: none"> <li>-Mould in the units</li> <li>Heat pumps problems</li> <li>- Plumbing problems</li> <li>- structural problems</li> </ul> |
| Fleurhof     | Green Field      | 561 963.66     | <ul style="list-style-type: none"> <li>-Heat pumps problems</li> <li>-Structural problems</li> </ul>   |
| Alexandra    | Communal         | 557 589.90     | <ul style="list-style-type: none"> <li>--Aging plumbing system in the bathrooms</li> <li>- General repair and maintenance</li> </ul>                           |
| Pennyville   | Communal section | 527 964.18     | <ul style="list-style-type: none"> <li>• General repairs and maintenance</li> </ul>  |

**SECTION 7. ANALYSIS OF OCCUPANCY LEVELS PER PROJECT**

A full analysis of occupancy levels is provided in the table below shows occupancy levels against SHRA required target of 97% and JOSHCO target of 98%. The core function of Housing Management department is to ensure that vacancies within the buildings are well managed and allocated within time. According to SHRA, the vacancy level should always be less than 2%.

**Table 22: OCCUPANCY LEVELS PER PROJECT**

| No. | Project Name      | Units No. | Occupancy | Occupancy |
|-----|-------------------|-----------|-----------|-----------|
| 1.  | AA House          | 252       | 250       | 99.20%    |
| 2.  | African Diamond   | 61        | 49        | 80.32%    |
| 3.  | Antea             | 409       | 358       | 87.53%    |
| 4.  | Bellavista Infill | 36        | 36        | 100.00%   |
| 5.  | Bothlabela        | 521       | 520       | 99.80%    |
| 6.  | Chelsea           | 80        | 79        | 98.75%    |
| 7.  | Citrine Court     | 79        | 79        | 100%      |
| 8.  | City Deep New     | 329       | 328       | 99.69%    |
| 9.  | City Deep Old     | 425       | 415       | 97.64%    |
| 10. | Devland           | 255       | 254       | 99.60%    |
| 11. | Dobsonville       | 502       | 499       | 99.40%    |

|     |                    |             |             |               |
|-----|--------------------|-------------|-------------|---------------|
| 12. | Diepkloof          | 148         | 146         | 98.64%        |
| 13. | Europa House       | 167         | 165         | 98.80%        |
| 14. | Fleurhof Ph. 1     | 452         | 445         | 98.45%        |
| 15. | Fleurhof Ph. 2     | 252         | 251         | 99.60%        |
| 16. | Hoek Street        | 265         | 257         | 97.98%        |
| 17. | Jabulani           | 54          | 54          | 100%          |
| 18. | Klipspruit (Beds)  | 54          | 54          | 100%          |
| 19. | Kliptown Golf C    | 936         | 929         | 99,25%        |
| 20. | Kliptown Square    | 478         | 475         | 99.37%        |
| 21. | La Rosabel         | 50          | 49          | 98.00%        |
| 22. | MBV                | 188         | 185         | 98.40%        |
| 23. | Orlando Ekhaya 2   | 190         | 185         | 97.36%        |
| 24. | Orlando Ekhaya 1   | 102         | 101         | 99.01%        |
| 25. | Orlando West       | 44          | 44          | 100%          |
| 26. | Pennyville (Flats) | 198         | 195         | 98.48%        |
| 27. | Pennyville Rooms   | 564         | 563         | 99.82%        |
| 28. | Phoenix House      | 135         | 133         | 98.51%        |
| 29. | Rashers' Building  | 95          | 91          | 95.78%        |
| 30. | Roodepoort         | 432         | 431         | 99.76%        |
| 31. | Selby Rooms        | 19          | 19          | 100%          |
| 32. | Selby Units        | 256         | 253         | 98.82%        |
| 33. | Textile Building   | 162         | 144         | 88.88%        |
| 34. | Turffontein        | 525         | 525         | 100%          |
| 35. | Union Square       | 341         | 338         | 99.12%        |
|     | <b>Totals</b>      | <b>9056</b> | <b>8899</b> | <b>98.26%</b> |

## **7.1 THE PROGRESS REPORT ON REGULARIZATION PROCESS IN JUNE 2022**

Leasing Department had been busy with the SHRA audit preparations. SHRA had selected Kliptown Square; Turffontein and Dobsonville to be audited. The leasing department is busy in ensuring that the leases are renewed and updated.

### **7.1.1 Lease Renewal Resistance**

#### **KLIPTOWN SQUARE CHALLENGES**

A team from leasing department was deployed to conduct door to door lease renewal. During the lease renewal process the team was faced with challenges. The team was faced with challenges such as intimidation from the tenants, undermining JOSHCO efforts to renew the leases by refusing to participate in the process. JOSHCO is planning to have a well-coordinated tenants' engagement to address the matters raised by tenants. Some of the issues are historic issues such as the demand for ownership.

#### **TURFFONTEIN CHALLENGES**

In Turffontein, 430 leases were renewed, and the spread sheet is attached as evidence. During the process JOSHCO received a letter from attorneys representing a group of tenants. The letter was accusing JOSHCO of selective approach, alleging that the tenants in Dobsonville were given the lease agreement with an option to own the flats which is different from the Turffontein lease agreement. The allegation is baseless as the lease agreement in Turffontein and Dobsonville are the same.

#### **DOBSONVILLE CHALLENGES**

Dobsonville tenants were complaining to JOSHCO concerning the following issues:

- The poor living conditions due to mold in some of the units
- Work opportunities through the maintenance contractors

The above-mentioned issues led to lack of cooperation when coming to the lease agreement renewal process. Housing Management committed to resolve the issues raised and a new management team was deployed to address the issues raised. There is great progress made in repainting and fixing the units that were

affected by mold. The unemployed tenants have also been given the job opportunity through maintenance contractors.

### **7.1.2 Executed Evictions**

One new eviction order was obtained in the fourth quarter, bringing the total number of orders to 21. However, a decision was taken to suspend evictions and allow tenants engagement process to conclude. Tenants engagement outreach is also intended to provide tenants with an opportunity to come forward and make payment arrangements.

## CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



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

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

**Table 23: Personnel Cost by Occupational Level as at 30 June 2022:**

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 |
|--|------------------|-------------------------------|---------------------------|-----------------------------------|
| Top Management (CEO, CFO)  | 2                | 1 742 539,13                  | 6%                        | 871 269,57                        |
| Executive Managers   | 3                | 947 622,90                    | 3%                        | 315 874,30                        |
| Professional Qualified / Middle Management (Portfolio Managers, Accountants)                                       | 29               | 4 869 692,57                  | 16%                       | 167 920,43                        |
| Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin) | 114              | 11 213 179,35                 | 37%                       | 98 361,22                         |
| Semi-Skilled (Driver)  | 2                | 71 560,69                     | 0%                        | 35 780,35                         |
| Internship   | 4                | 115 552,43                    | 0%                        | 28 888,11                         |

|   |            |                      |             |                     |
|---|------------|----------------------|-------------|---------------------|
| Unskilled (Office Attendants, Security Officers and Cleaners) | 355        | 9 155 289,81         | 31%         | 25 789,55           |
| EPWP  | 227        | 1 839 772,87         | 6%          | 8 104,73            |
| <b>Total</b>  | <b>736</b> | <b>29 955 209,75</b> | <b>100%</b> | <b>1 551 988,25</b> |

## Comments

- The amount for Top management is inflated by the settlement amount paid to the previous CEO
- Additionally, 2 IMATU members requested to be paid out their Mogale settlement

## 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 24: Acting Appointments**

| Substantive Role                       | Current – Acting Role                 | Period                                   | Reason for acting |
|--|---------------------------------------|--|-------------------|
| Deputy Director for - Housing          | Chief Executive Officer               | 21 May 2022 to 20 August 2022            | Mutual separation |
| Deputy Director - Group Governance     | Chief Operating Officer               | 18 January 2022 to 31 August 2022        | New position      |
| Deputy Director – ICT COJ              | ICT Senior Manager                    | 01 February 2022 until vacancy is filled | Resignation       |
| Director – Office of the MMC (Housing) | Executive Manager: Corporate Services | 11 June 2022 to 31 August 2022           | Resignation       |
| HR Manager                             | Executive Manager: Corporate Services | 01 April 2022 to 10 June 2022            | Resignation       |
| Metrobus Company Secretary             | Company Secretary                     | 01 March 2022 to 30 June 2022            | Resignation       |
| Property Supervisor                    | Portfolio Manager                     | 07 March 2022 to 08 April 2022           | Promotion         |
| Customer Relations Manager             | Facilities Manager                    | 01 April 2022 to 30 June 2022            | New position      |
| Communications Officer                 | Marketing and Communications Manager  | 15 April 2022 to 07 July 2022            | Sick Leave        |

## 2.1 RECRUITMENT

**Table 25: Finalized Appointments**

| Position                          | # Vacancies | New Position/ Replacement | Status  |
|-----------------------------------|-------------|---------------------------|---|
| Social Facilitator                | 1           | Additional H/C            | Appointed on 01 June 2022                                       |
| Special Projects: Project Manager | 3           | New Position              | Two appointed on 03 June 2022 and the other one on 06 June 2022 |

| Position     | # Vacancies | New Position/<br>Replacement | Status |
|--------------|-------------|------------------------------|--------|
| <b>Total</b> | <b>4</b>    |                              |        |

**Table 26: Recruitment progress**

| Position                                       | No. of<br>Vacancies | New Position/<br>Replacement | Status                                       |
|--|---------------------|------------------------------|--|
| Chief Executive Officer                        | 1                   | Replacement                  | Advert Stage                                 |
| Executive Manager:<br>Corporate Services       | 1                   | Replacement                  | Advert Stage                                 |
| Chief Operations Officer                       | 1                   | New Position                 | Advert Stage                                 |
| Special Projects: Senior<br>Project Management | 1                   | New Position                 | Shortlisting Stage                           |
| Senior Manager: ICT                            | 1                   | Replacement                  | Interview Stage                              |
| Company Secretary                              | 1                   | Replacement                  | Advert Stage                                 |
| Project Manager:<br>Performance and Planning   | 1                   | New Position                 | Awaiting approval                            |
| Portfolio Manager                              | 1                   | Replacement                  | Awaiting approval                            |
| Receptionist                                   | 1                   | Replacement                  | Finalised - incumbent to resume in July 2022 |
| Security Supervisor                            | 2                   | Replacement                  | Interview Stage                              |
| Call Centre Agent                              | 1                   | Replacement                  | Offer Stage                                  |
| Application Administrator                      | 4                   | New Position                 | Interview Stage                              |
| Office Attendance                              | 5                   | Replacement                  | Shortlisting Stage                           |
| Legal Advisor / Officer                        | 2                   | Additional H/C               | Shortlisting Stage                           |
| Electrician                                    | 4                   | New Position                 | Shortlisting Stage                           |
| Plumber  | 1                   | New Position                 | Shortlisting Stage                           |
| Maintenance Worker<br>(Handyman)               | 2                   | New Position                 | Shortlisting Stage                           |
| Monitoring and Evaluation<br>Specialist        | 1                   | Additional H/C               | Shortlisting Stage                           |
| Compliance Specialist                          | 1                   | New Position                 | Shortlisting Stage                           |
| Maintenance Administrator<br>Intern            | 2                   | New Position                 | Shortlisting Stage                           |
| Security Administrator<br>Intern               | 2                   | New Position                 | Shortlisting Stage                           |
| Social Facilitator<br>(CommDev)                | 4                   | New Position                 | Approval Stage                               |
| Billing Clerk                                  | 1                   | Additional H/C               | Advert Stage                                 |
| Credit Controller                              | 3                   | Additional H/C               | Advert Stage                                 |
| <b>Total</b>                                   | <b>44</b>           |                              |  |

### **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 did not sit in the quarter under review, this was attributed to difficulties on the tools of trade. There has been engagements and these meeting are going to follow a hybrid approach going forward.

#### **3.2 Reporting**

- The Employee Equity quarterly stats monitoring report as required by the City of Johannesburg was submitted to Group Capital. The purpose is to track how entities are moving towards the achievement of EE targets.

#### **3.3 EE Profile**

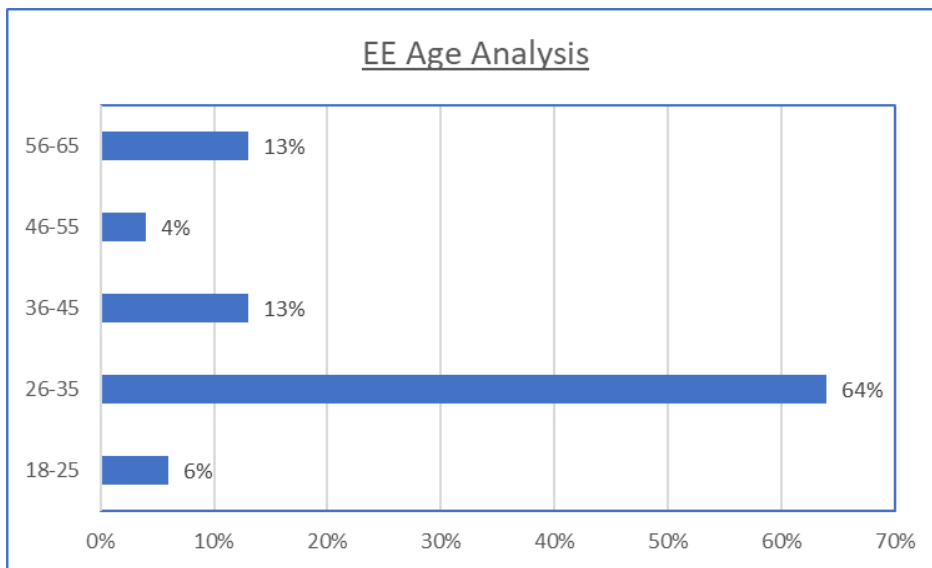
- As indicated in table 30 below, the entity has not moved with regards to the achievement of the set EE targets. This is mainly attributed to the fact that there was only 2 appointments (excluding the intern) and that had a negligible impact to the current profile.
- There is also a challenge with the sourcing of the People living with Disabilities, however the CoJ is in the process of creating such a database which we will have access to remotely.
- The racial profile highly skewed towards black people as defined in the act and mitigation has been put in place to deal with the same going forward.
- Females have a 54% representation.



**Table 27: Employee equity statistics**

| Employment Equity Profile                      |            |          |          |          |            |          |          |          |              |          |            |            | G/ Ttl     | Racial % Profile | Female Gender % Achievement |
|--|------------|----------|----------|----------|------------|----------|----------|----------|--------------|----------|------------|------------|------------|------------------|-----------------------------|
| Occupational Level                             | Male       |          |          |          | Female     |          |          |          | Foreign Nat. |          | Local      |            |            |                  |                             |
|  | A          | C        | I        | W        | A          | C        | I        | W        | M            | F        | M          | F          |            |                  |                             |
| Top Management                                 | 0          | 0        | 0        | 0        | 1          | 0        | 0        | 0        | 0            | 0        | 0          | 1          | 2          | 100%             | 100%                        |
| Senior Management                              | 2          | 0        | 0        | 0        | 1          | 0        | 0        | 0        | 0            | 0        | 2          | 1          | 3          | 100%             | 33%                         |
| Professionally Qualified / Middle Management   | 15         | 0        | 0        | 2        | 9          | 0        | 1        | 0        | 1            | 1        | 17         | 10         | 29         | 86%              | 34%                         |
| Skilled Technically and Academically Qualified | 48         | 4        | 0        | 0        | 57         | 5        | 1        | 1        | 0            | 0        | 51         | 64         | 109        | 99%              | 55%                         |
| Semi-Skilled                                   | 2          | 0        | 0        | 0        | 0          | 0        | 0        | 0        | 0            | 0        | 2          | 0          | 2          | 100%             | 0%                          |
| Unskilled                                      | 158        | 2        | 0        | 0        | 192        | 3        | 0        | 0        | 0            | 0        | 160        | 195        | 357        | 100%             | 55%                         |
| <b>Total</b>                                   | <b>225</b> | <b>5</b> | <b>0</b> | <b>2</b> | <b>259</b> | <b>8</b> | <b>2</b> | <b>1</b> | <b>1</b>     | <b>1</b> | <b>232</b> | <b>270</b> | <b>502</b> | <b>99%</b>       | <b>54%</b>                  |

**3.4 AGE PROFILE**



**Figure 11: Employee Age Profile**

- JOSHCO highest workforce is within the ages of 26-35, which represents 64% of the staff component. There is also an even spread of the workforce between agers 36-45 and over 56 years.
- We had 1 retiree at unskilled level for the reporting period.

## SECTION 4: SKILLS DEVELOPMENT AND TRAINING

### 4.1 Bursaries for 2021/2022

- 1 outstanding bursary was approved for the reporting period.

### 4.2 Training Interventions

- Performance Management and Conditions of Service information sharing sessions were held during the reporting period for Cleaners and Security Officers.

### 4.3 Workplace Skills Plan and Annual Training Report

**Table 28: Training provide during the financial period**

| Training provided in the FY              | Dates                | Number of attendees |
|--|----------------------|---------------------|
| Fire Marshall                            | 04 -06 Aug 2021      | 9                   |
| First Aid Level 1                        | 18 - 20 August 2021  | 12                  |
| Fire Marshall                            | 23 - 25 Aug 2021     | 9                   |
| Fire Marshall                            | 02 - 03 Sep 2021     | 10                  |
| SHE Rep                                  | 06-08 Sep 2021       | 11                  |
| SHE Rep                                  | 20-22 Sep 2021       | 10                  |
| Change Management                        | 04 Oct - 11 Nov 2021 | 1                   |
| Facilities Management                    | 11 Oct - 18 Nov 2021 | 3                   |
| Skills Development and Employment Equity | 26 - 27 October 2021 | 8                   |
| Analysing Data with Power BI             | 29 Nov - 02 Dec 2021 | 1                   |
| First Aid Level 1                        | 29 Nov - 01 Dec 2021 | 9                   |
| First Aid Level 1                        | 24 - 26 January 2022 | 8                   |

## SECTION 5: PERFORMANCE MANAGEMENT

**Table 29: Progress on signed performance agreements**

| Department  | Eligible Staff | Performance Agreements Submitted | Outstanding |
|---|----------------|----------------------------------|-------------|
| Office of the CEO (Exec's, Internal Audit, Legal, Stakeholder & Cosec)    | 15             | 6                                | 9           |
| Business Planning & Strategy (IT, Risk & PA)                              | 9              | 6                                | 3           |
| Housing Management (PM's, HSV, Maintenance & Leasing, Comm Dev, Security) | 59             | 6                                | 53          |
| Housing Development   | 12             | 0                                | 12          |
| Finance (Revenue, SCM & Finance Core)                                     | 35             | 4                                | 31          |
| Corporate Services (HR, Comm's, CC)                                       | 13             | 8                                | 5           |
| <b>Total</b>  | <b>143</b>     | <b>30</b>                        | <b>113</b>  |

## SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

### 6.1 Pending Disciplinary Matters

- Eight matters outstanding for various acts of misconduct

### 6.2 Suspensions

- There is one suspension

### 6.3 Finalised Matters

- None

### 6.4 Grievances

- Two grievance cases remain outstanding and will be finalised as a result of the accused having resigned

### 6.5 External Referrals

- One matter at the Bargaining Council relating to unfair appointment.
- 2 Matters at the Labour Court, 1 is an application for review by JOSHCO and the other was referred by IMATU in relation to the Mogale grading outcome implementation.

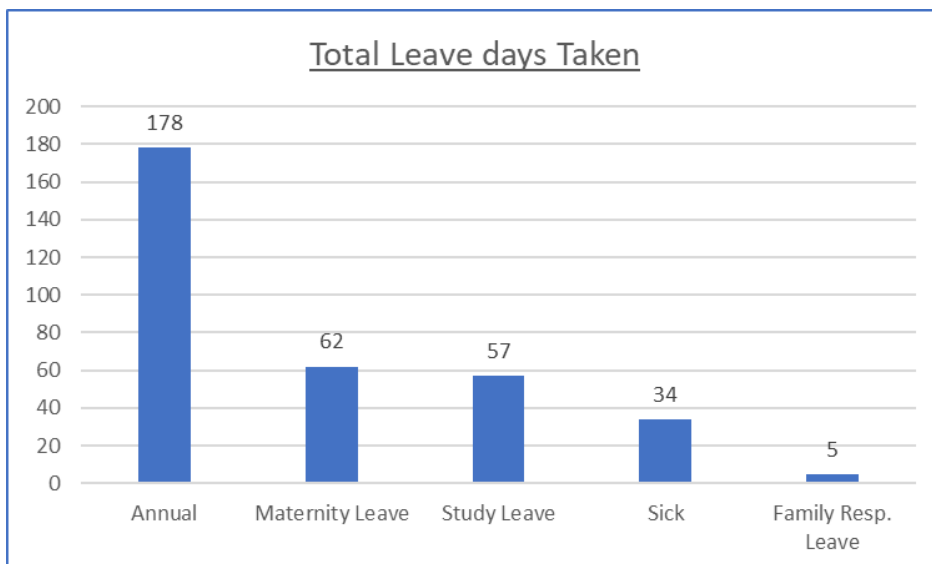
## SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT

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

### Overall, Company Leave Analysis:

**Table 30: Leave Movement**

| Type of Leave      | April      | May       | June       | Total Leave days Taken | % Leave days Taken |
|--------------------|------------|-----------|------------|------------------------|--------------------|
| Annual             | 99         | 70        | 9          | 178                    | 53%                |
| Sick               | 28         | 6         | 0          | 34                     | 10%                |
| Family Resp. Leave | 1          | 4         | 0          | 5                      | 1%                 |
| Study Leave        | 0          | 0         | 57         | 57                     | 17%                |
| Maternity Leave    | 18         | 0         | 44         | 62                     | 18%                |
| <b>Total</b>       | <b>146</b> | <b>80</b> | <b>110</b> | <b>336</b>             | <b>100%</b>        |



**Figure 12: Leave taken**

## SECTION 8: MARKETING AND COMMUNICATION

The performance of the organisation in terms of marketing and communication objectives is discussed in this section of the report. This is a strategic management function and an important aspect of JOSHCO's day-to-day operations that ensures well-coordinated and responsive communication, as well as successfully managed stakeholders' engagements.

### 8.1 AWARENESS CREATION

#### ANTI-FRAUD AND CORRUPTION AWARENESS

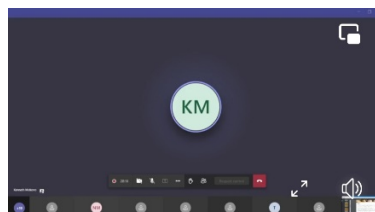
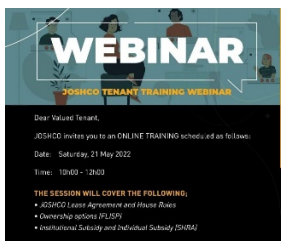
On the 25th of May the organisation was at Dobsonville project to raise awareness on Fraud and Corruption. This campaign is aimed at informing and educating residents on ways to prevent fraud & corruption activities as well as influence residents to blow the whistle against people that are posing as JOSHCO agents, subletting and illegal occupation of units.



### 8.2 TENANT EDUCATION AND TRAINING

#### 8.2.1 ONLINE TENANT TRAINING WEBINAR

The fifth webinar was held to teach tenants about their leases, house rules, and how to log various queries. A presentation from SHRA and the City's Human Settlement Department on concerns of ownership/FLISP, institutional and individual subsidies was included in the sessions. The online training sessions took place on May 21, 2020.



### **8.2.2 TENANTS OUTREACH PROGRAMME**

As part of the tenant education drive to engage tenants on issues of maintenance and rental collection, the MMC Cllr: Mlungisi Mabaso visited the Selby project on Saturday, 23 April 2022. The MMC resolved that the organisation will appoint a quantity surveyor to inspect the conditions of the buildings and find preventative measures to deal with maintenance issues. On following days, he also went to Chelsea and City Deep facilities.



### **8.3 EVENTS CAMPAIGNS AND ACTIVATIONS**

#### **8.3.1 KARSENE IMPLOSION EVENT**

On May 15<sup>th</sup> 2022, City of Johannesburg Executive Mayor, Cllr Mpho Phalatse and MMC of Housing Mlungisi Mabaso, invited guests to witness the implosion of Karsene building at the 49<sup>th</sup> floor of the Transnet Building. The Karsene building is expected to make way for 1500 low cost housing units, these mixed units are part of the inner city rejuvenation programme. JOSHCO in collaboration with the City's Human Settlement Department and the MMC's office was responsible to organise, coordinate as well as the implementation of the event.



#### **8.3.2 TSHEDZANI -ROODEPOORT**

##### **JOSHCO GOES GREEN SAVE WATER & ELECTRICITY**

In an effort to save electricity JOSHCO has introduced solar power systems at Tshedzani Project in Roodepoort on the 10<sup>th</sup> of May 2022. This initiative involves the usage of solar

geysers for the units and exterior lighting energy saving light bulbs for electricity and water saving faucet taps have been installed in some units.



### 8.3.3 SITE WALKABOUT LEFHURENG

MMC for Housing, Cllr Mlungisi Mabaso visited the Lefhureng housing development located at Erf 2136 on 19<sup>th</sup> May 2022 to assess the development's progress and state of readiness. The MMC was joined by the contractor, Contract Manager, COO, EM Development, and JOSHCO Board members.



## 8.4 BRAND VISIBILITY: MARKETING AN ADVERTISING

### 8.4.1 YOUTH DAY FESTIVAL

To mobilise collective engagements on the issue of youth unemployment, JOSHCO has partnered with South Africa Youth Economic Council in hosting Youth Day Gala Dinner on the 15<sup>th</sup> of June 2022 at Marriott hotel, Melrose Arch.





### 8.4.2 YOUTH SPORTS WEEK

On 20<sup>th</sup> June to the 24<sup>th</sup> of June 2022 the Marketing department hosted a youth sports week at five JOSHCO projects in Soweto. With these programmes we aimed at to promoting essential messages about the advantages of youth sports.



### 8.4.3 DAKALO STUDENT COURT- FACILITY TOUR

In an effort to provide fundamental features that support ongoing learning and skill development as well as the creation of sustainable learning environments. On the 23<sup>rd</sup> of June 2022 MMC for Housing, Cllr Mlungisi Mabaso alongside ward Cllr Sihle Nguse, Metro Wired and JOSHCO executive took a tour of the new upgraded facilities at Dakalo student court.



### 8.4.4 YOUTH IN CONSTRUCTION SUMMIT

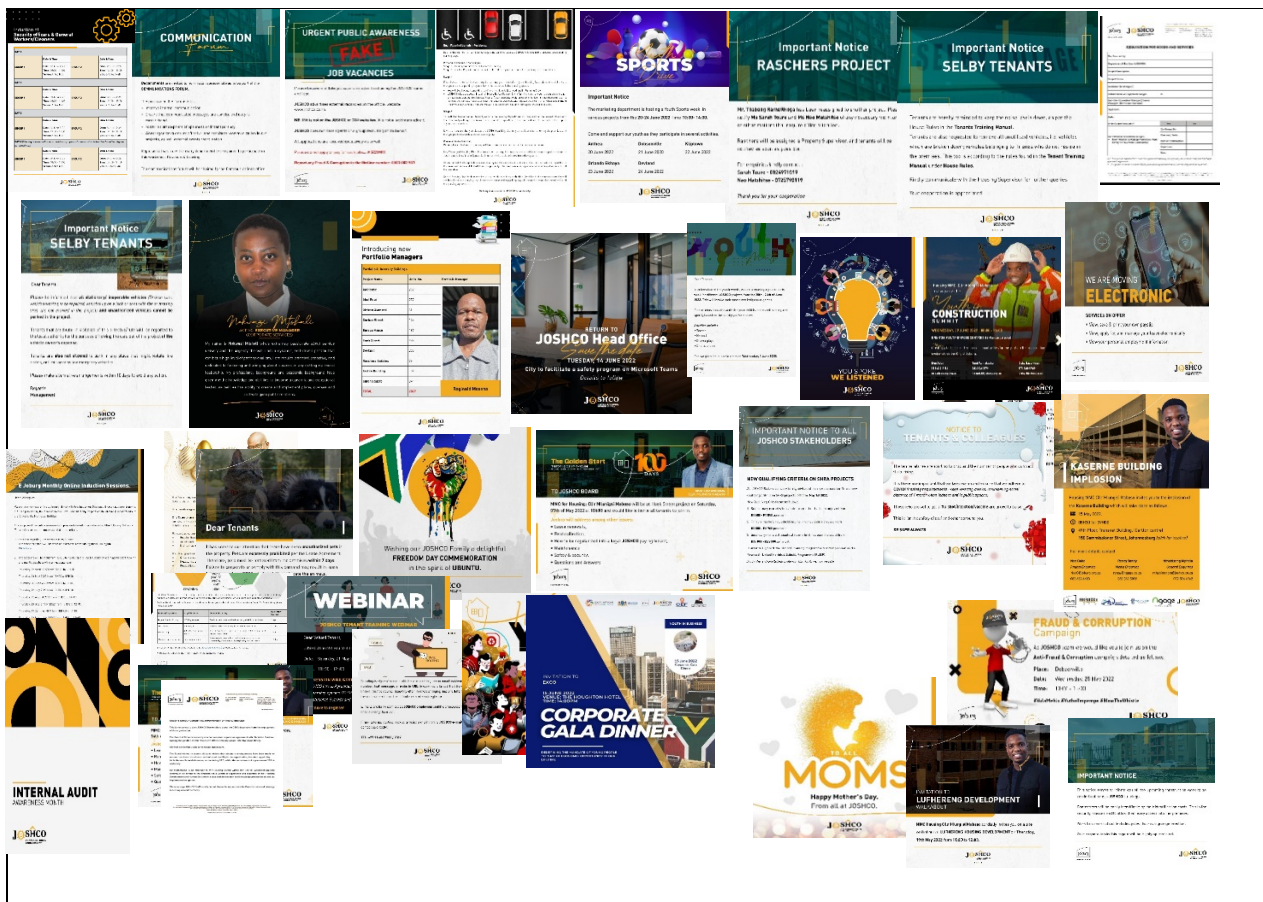
On the 29<sup>th</sup> of June 2022 the MMC for Housing, Cllr Mlungisi Mabaso will be hosting Youth in Construction summit aimed at promoting and empowering the youth within the city of Johannesburg interested and engaged in construction. This initiative promotes the development and refining of skills by providing information and experience while also addressing the difficulties that young people face in the sector.





## 8.5 COMMUNICATION PRODUCTS

A total of 45 communication products were distributed to internal and external stakeholders during the quarter, this includes invitations, statements, and tenants' notices. Distribution was managed electronically, while some products were printed and posted in respective Project.



## 8.6 MEDIA LIAISON AND MONITORING:

The company's social media presence is gradually growing. To make JOSHCO a preferred brand, the communications division has employed a variety of strategies. The number of followers has increased with a little over 3269 followers on twitter and a following of over 18050 on Facebook. Instagram and YouTube require exclusive content and videography.

Our Facebook followers increased by 256 in this quarter.

**Table 31: SUMMARY MEDIA COVERAGE/ ARTICLES: APRIL - JUNE 2022**

| Source & Date             | Summary of enquiry/ query  | Article Brief  |
|---------------------------|--|--|
| The Star<br>April 8, 2022 | <b>Joburg’s Kaserne building set to be imploded in May following structural damage from a fire</b> | <p>The City of Johannesburg (CoJ) Metropolitan Municipality Department of Human Settlement announced that the planned implosion will be undertaken by the Phoenecian Group. The demolition and bulk earthworks contractor was appointed by Johannesburg Social Housing Company, an entity of the CoJ.</p> <p>Contracts manager Sne Khanyile said that Phoenecian is working under Mbongiseni General Services cc to not only implode the building, but to also prepare the site for its proposed redevelopment. “This is quite an old building that has had some issues in the past with illegal tenants, resulting in the structure being condemned due to its structural defects,” Khanyile said. He added that the Phoenecian Group carried out work for the CoJ before and that an implosion is a demolition technique especially well-suited for a type of pre-existing structure such as the Kaserne site. “The implosion will make way for a new Vertical Mixed Use (VMU) housing development that will accommodate 2 000 households as part of the larger precinct development.”</p> <p>Khanyile said that the VMU housing development, which includes a commercial and retail element, will create jobs during and after construction. There is also a taxi holding facility and petrol station site. Khanyile said that the Phoenecian Group had to carry out minimal “soft” work within the Kaserne building itself from a structural perspective, as another sub-contractor that is part of the professional team cleared out all the internals.</p> |

|  |   |   |
|--|---|---|
| <p>Creamer media's Engineering News<br/>April 11, 2022</p> | <p><b>All systems go for Kaserne building implosion in Joburg</b></p> | <p>It is all systems go for the planned implosion of the Kaserne building in Johannesburg on 1 May, reports the City of Johannesburg (CoJ) Metropolitan Municipality Department of Human Settlement. The building was condemned last year following structural damage after a fire. The implosion will be undertaken by Phoenecian Group, appointed by Johannesburg Social Housing Company (JOSCHO), an entity of the CoJ.</p> <p>Phoenecian is working under Mbongiseni General Services cc to not only implode the five-storey building, but also prepare the site for its proposed redevelopment, says Contracts Manager Sne' Khanyile. "This is quite an old building that has had some issues in the past with illegal tenants, resulting in the structure being condemned due to its structural defects. JOSHCO has carried out work for the CoJ before. Implosion is a demolition technique especially well-suited for this type of pre-existing structure." The implosion will make way for a new Vertical Mixed Use (VMU) housing development that will accommodate 2 000 households as part of the larger precinct development. The VMU housing development, which includes a commercial and retail element, will create jobs during and post construction. There is also a taxi holding facility and petrol station site. Other than Kaserne, the CoJ has already converted five buildings, and plans to convert and develop another five properties in the same precinct. It also plans to acquire another ten properties to be made available for Social Housing as part of the Inner City Housing Implementation Plan (ICHIP). Phoenecian had to carry out minimal 'soft' work within the building itself from a structural perspective, as another sub-contractor that is part of the professional team cleared out all the internals. "the entity had to pre-weaken certain structural elements such as the lift shafts and stairwells to ensure a successful implosion on the day," says Kyle Perkin, Explosives Engineer: Demolition and Earthworks Division.</p> <p>This is to ensure that these structures do not remain standing while the rest of the building collapses around it. "the entity is treating the building with caution and are observing all preparatory work needed to be undertaken to see if there are any sorts of movement within the building, of which there has been none to date," confirms Perkin. The five-storey building includes a sub-basement.</p> |
|--|---|---|

|                                       |   |   |
|---------------------------------------|---|---|
| <p>GroudUp<br/>April 26,<br/>2020</p> | <p><b>Soweto residents block roads in electricity protest</b></p> | <p>Residents of Kliptown and Pimville near Walter Sisulu Square in Soweto protested on Tuesday, demanding that City Power restore electricity immediately.</p> <p>Thousands of people living in flats at the JOSHCO Walter Sisulu Square have been without electricity for 13 days after a substation in Eldorado Park blew on Good Friday.</p> <p>City Power says it's still discussing ways to find a solution to the electricity problems in the area.</p> <p>Residents of Kliptown and Pimville near the Walter Sisulu Square in Soweto blocked roads in the Johannesburg township with burning tyres, rubble and stones on Tuesday. They are demanding that City Power restore electricity immediately.</p> <p>Protesters say thousands of people living in flats at Walter Sisulu Square have been without electricity for 13 days. A substation in Eldorado Park blew on Good Friday, leaving most of the surrounding neighbourhoods in the dark. City Power restored the electricity to some areas on Thursday but some are still without power.</p> <p>"People are throwing away food on a daily basis. In our flat there is a disabled young boy, who is bed ridden and survives on oxygen," said Sonto Simelane, who lives at the flats owned by the Johannesburg Social Housing Company.</p> <p>Simphiwe Ndlovu lives at the Pimville Golf Course flats. He said residents are frustrated. "Kids can't study and some skip school because of the power issue. We throw away spoiled food. We are so tired of this," said Ndlovu.</p> <p>Residents also alleged that a cable theft syndicate operating in and around Kliptown is behind their power problems.</p> <p>Business owner and Pimville Zone 9 resident, Sybil Louw, said she was forced to close her restaurant until electricity is restored. "We cannot operate without power."</p> <p>"The greatest concern is cable theft. Thugs have stripped all the cables from the Walter Sisulu Square."</p> <p>Ward 22 councillor Sebenzile Mabuza said she was talking to City Power to resolve the issue and pleaded with residents to be more patient.</p> <p>City Power spokesperson Isaac Mangena said several days of repair work were needed on the burnt substation before power could safely be restored. He said the problem was exacerbated by frequent incidents of vandalism and cable theft.</p> |
|---------------------------------------|---|---|

|  |   |   |
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| <p>The Citizen<br/>April, 30 2022</p>    | <p><b>Eldorado Park electricity supply crisis ongoing</b></p> | <p>City Powers electricity distribution crisis in Eldorado Park is still ongoing. The power supplier said another fault had been detected at the Eldorado Park substation on the Goudkoppies Distributor. Affected areas include Devland Industrial, Devland, JOSHCO flats, JW Treatment Plant.</p> <p>“Repairs have started, and ETR is expected at 6pm, if all goes according to plan,” said City Power spokesperson Isaac Mangena. The replacement of three Pole-Mounted Transformers at Lawley 2 and Vlaktefontein will be done on Saturday and is expected to be complete by the afternoon – 3pm for Lawley, and 10pm for Vlaktefontein. Teams have resumed repairs of identified faults on the Eldorado Park:</p> <p>Walter Sisulu Distributor affecting Pimville Zone 9, Golf Course, JOSHCO Kliptown Flats, and Walter Sisulu Square<br/>The material was collected on Saturday morning and the expected estimated time of return (ETR) is 4pm today.</p> <p>Technical teams working across Nancefield, Eldorado Park, Soweto Local substations supply areas on Friday made tremendous progress, albeit with few manageable hiccups.</p>  |
| <p>Southern Couriers<br/>May 5, 2022</p> | <p><b>New gazetted rates for Social Housing band</b></p>      | <p>Minister Mmamoloko Kubayi, Minister of Human Settlements, Water and Sanitation recently addressed the media regarding Social Housing rates adjustments.</p> <p>These rate adjustments followed the last adjustment of the qualification criteria in 2018, where tenants were struggling to pay their rent due to inflation and substantial increases in utility costs. The minister announced the revised income thresholds are for households earning between R1 850 and R22 000 gross monthly income to qualify, as opposed to the previous qualification criteria for a household income of between R1 500 to R15 000. The Minister aimed at aligning the rates with the broader definition of the affordable housing programmes such as the Finance Linked Individual Subsidy Programme (FLISP). FLISP is a housing subsidy for first-time home buyers. To qualify, the buyers have to fall within a certain income bracket that is considered the gap market or the missing middle-income bracket.</p> <p>JOSHCO, the City of Johannesburg Social Housing entity, provides good quality rental accommodation for the lower and upper end of the low-income market (R1 500 – R15000), intending to create sustainable human settlements. Therefore the Board and entity’s accounting officer would apply the adjusted rates to JOSHCO projects that are funded by the Social Housing Regulatory Authority (SHRA).</p> <p>According to the Social Housing Act, 2008 (Act 16 of 2008) and the minister’s announcement on March 25 the threshold of the sub-primary markets household income limit has been adjusted from R1 500 to R1 850 per month. The threshold of the primary markets household income limit has been increased from R5 500 to R6 700 per month. The threshold of the secondary markets household income limit has been increased from R15 000 to R22 000 per month, to align with the National Housing Programme also known as the FLISP.</p> |

|                                    |  |   |
|------------------------------------|--|---|
| <p>The Citizen<br/>May 14,2022</p> | <p><b>It's all systems go for Kaserne building demolition, avoid surrounding roads</b></p> | <p>The Karsene building in Johannesburg is set for demolition on Sunday, 15 May 2022. The event will be live-streamed on social media platforms including Facebook and Twitter.</p> <p>The City's Department of Human Settlement is expected to lead the process after the building was condemned last year due to structural damage from a fire that broke out at least three times on separate occasions. "Due to the numerous fires that broke out, it has then compromised the safety of the building thus the decision to implode the building which will then be used for the purpose of redevelopment," said the City of Joburg in a statement.</p> <p><b>Kaserne building demolition</b><br/>The Department has appointed Phoenecian Group, which is a dynamic demolition, civil, building, and geotechnical specialist to lead the demolition processes. The five-storey building came under the spotlight following the fire, which killed nine people. The department of Human Settlement has taken a lead in the inner-city rejuvenation programme. "The Kaserne implosion is a step closer to reviving the inner city and this will boost investor confidence. "We acknowledge that there are more resources that need to be injected to rejuvenate the inner city and we will welcome private investments," said the city.</p> <p><b>New housing development</b><br/>The implosion will make way for a new Vertical Mixed Use (VMU) housing development that will accommodate about 2,000 families as part of the larger precinct development. The VMU housing development, which includes a commercial and retail element, will create jobs during and post-construction. Phoenecian had to carry out minimal 'soft' work within the building itself from a structural perspective, as another sub-contractor that is part of the professional team cleared out all of the internals. "This is to ensure that these structures do not remain standing while the rest of the building collapses around it," explained the City. After the demolition, the service provider's bulk earthworks division will move in to break the rubble down further so it can be reused as a platform substrate for the next stage of the overall development of the site. The public is urged to use alternative routes as roads in surrounding areas will be temporarily closed off from 9am to 12pm.</p> |
|------------------------------------|--|---|

|  |   |   |
|--|---|---|
| <p>Daily Maverick<br/>May 17, 2022</p>   | <p><b>Condemned Johannesburg inner-city building demolished to make way for critical low-cost units</b></p> | <p>Addressing journalists shortly after the implosion of the Kaserne building in downtown Johannesburg, Mayor Mpho Phalatse said:</p> <p>“There is a huge housing crisis in the City of Johannesburg — the housing waiting list is now at 480,000. We don’t have sufficient resources to provide that many houses. We are looking at different modalities for meeting the housing needs in the City of Johannesburg,” she said. The building was condemned in 2021 after three fires caused structural damage. The last fire, in April, claimed nine lives, including a family of three, as reported by Daily Maverick’s Bheki Simelane in “Living conditions in fire-ravaged Joburg CBD informal settlement ‘worse than hell’ ”.</p> <p>It was decided to implode the building to make way for an expected 1,500 low-cost housing units. Phalatse says these mixed units are part of the inner city rejuvenation programme, in which the area will be developed into a township with amenities including an early childhood development centre and a health facility. It took four months to prepare the building, but it was reduced to a huge pile of rubble beneath a cloud of dust in just four seconds, after taxis and more than 1,500 shack dwellers within the 200m red zone of the building had been moved.</p> <p>The company’s bulk earthworks division will now begin to break the rubble down further so it can be reused as a platform substrate for the next stage of the overall development of the site.</p> <p>Johannesburg housing MMC Mlungisi Mabaso said: “If everything goes according to plan, we are hoping in the next financial year we will be able to bring in work that will be visible for everyone to see.” He also committed to providing electricity to the corrugated temporary structures to prevent illegal connections suspected to be the cause of the April fire</p> |
| <p>Alberton Records<br/>May 18, 2022</p> | <p><b>Joburg’s Kaserne building successfully demolished</b></p>   | <p>It took only four seconds and 783 non-electronic detonators to implode the Kaserne building in Johannesburg on May 15.</p> <p>The Kaserne building was confiscated by the court after it caught fire due to an unauthorized electrical connection, which resulted in the tragic loss of nine lives. According to the City of Johannesburg Housing MMC, Mlungisi Mabaso, the building was demolished to develop 1500 homes for residents of Johannesburg. The area where the Kaserne building used to be will make room for a public-private partnership that can help speed up the provision of houses. During the construction of the new dwelling units, residents of the adjoining informal community will be prioritised. Executive Mayor of Johannesburg, Mpho Phalatse, believes the implosion of the Kaserne building represents a significant step forward in overcoming the city’s housing shortage. The site will be transformed into an area with basic amenities, such as a health facility and early childhood development centre.</p> <p>It further means that the new construction will appeal to a variety of socio-economic groups to meet the city’s various housing demands. Mabaso said in the meantime they are going to electrify the informal community next to the Kaserne building to prevent fires like the one that destroyed the building in April 2020.</p> <p>This will not only result in a new housing development but, will create thousands of job opportunities for the people of Johannesburg.</p>   |

## SECTION 9: HEALTH AND SAFETY

The purpose of this section is to give an update on the activities within the section and also ensure that JOSHCO complies with all the applicable legislation and, where appropriate, institute additional measures to ensure Health and Safety at Head Office and the Projects.

### 9.1 COVID AND IOD CASES

**Table 32: JOSHCO staff Incidents (Covid -19 Cases)**

| No of covid -19 positive cases | Total recoveries | Not yet recovered (active cases) | Total fatalities | Total direct contacts sent for testing |
|--------------------------------|------------------|----------------------------------|------------------|--|
| 1                              | 1                | 0                                | 0                | 1                                      |

**Table 33: JOSHCO Staff Incidents (IOD's)**

| Total IOD's | First Aid Incidents | Total near misses | Total fatalities |
|-------------|---------------------|-------------------|------------------|
| 2           | 0                   | 0                 | 0                |

#### Comments:

One employee fell on her back whilst cleaning and another one tripped and fell. The necessary processes were followed to ensure they receive medical attention.

### 9.2 Health and Safety measures

- The Health and Safety Policy statement (informed by Sec 7 of Occupational health and safety act 85 of 1993) was revised and signed off, (to be communicated to staff in due course) to accommodate the changes in roles and responsibilities.
- Safe work processes for cleaning and communicated with cleaners at various JOSHCO sites.

### 9.3 Site visits and inspections

During the quarter under review, a total of 12 project site visits were conducted. Whilst there is some improvement on the provision of PPE's, the same remains a challenge. During these site visits illegal electrical connections were noted at Botlhabela, Orlando Ekhaya and 11 Mordaunt



Street. The supervisor for Botlhabela is currently attending to all findings raised including illegal connection.

## **SECTION 10. CUSTOMER RELATIONS MANAGEMENT**

### **10.1 MANAGEMENT AND ENGAGEMENT**

The Customer Service Unit currently comprises of subsections:

- Call Centre
- Facilities Management

**10.1.1 Call Centre** - aims to develop and improve JOSHCO's relationship with customers and the public through communication via emails, social media, telephone and in person. The call centre agents respond to customer queries and follow up referred and escalated matters till they are resolved.

#### **10.1.2 Summary of calls/queries received**

**Table 34 Summary of calls/queries received**

| <b>Queries</b> | <b>No of queries / Calls</b> |
|----------------|------------------------------|
| Telephonic     | 3929                         |
| Emails         | 640                          |
| Facebook       | 16715                        |
| WhatsApp       | 13700                        |
| <b>Total</b>   | <b>34984</b>                 |

#### **10.1.3 The WhatsApp line**

This is the most popular form of correspondence since the National Lock down in March 2020. This platform has led to decreased enquiries on other platforms.

Our WhatsApp platform response times are very quick. Positive feedback was received from our customers in this regard.

#### **10.1.4 Telephone calls**

Majority of callers request information on how to apply and what is available. The entity has experienced many queries about tender documents and questions pertaining to the location of tender briefings. There are a few matters of alleged corruption reported, this becomes a concern mainly when JOSHCO has a building nearing completion. This is currently the case for the Legae project in Roodepoort. The details will be elaborated on further in the report under Concerns /fraud and corruption.

#### **10.1.5 Email Queries**

Queries range across all JOSHCO departments however the most enquiries and complaints stem from the Leasing department, and are mainly regarding new projects, how to apply and feedback on applications.

Email queries have become less over the past months, this is because we encourage customers with leasing queries to send a message via WhatsApp which in turn sends them all the relevant information instantly.



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

An analysis of the financial position as at 30 June 2022 is reflected below and in Table 35

**Table 35: Statement of Financial Position as at 30 June 2022**

| Description                                    | 30 June 2022     | 31 March 2022    | Variance        | Variance     |
|--|------------------|------------------|-----------------|--------------|
|  | R'000            | R'000            | R'000           | %            |
| <b>Assets</b>                                  |                  |                  |                 |              |
| <b>Current Assets</b>                          |                  |                  |                 |              |
| Inventories                                    | 268              | 391              | (123)           | -32%         |
| Loans to shareholders                          | 5 958            | 5 958            | 0               | 0%           |
| Current tax receivable                         | 50               | 50               | -               | 0%           |
| Receivables from exchange transactions         | 1 388 047        | 1 224 552        | 163 495         | 13%          |
| VAT receivable                                 | 3 079            | 2 555            | 524             | 21%          |
| Cash and cash equivalents                      | 189 686          | 187 200          | 2 486           | 1%           |
|  | <b>1 587 088</b> | <b>1 420 706</b> | <b>166 382</b>  | <b>12%</b>   |
| <b>Non-current assets</b>                      |                  |                  |                 |              |
| Property, plant and equipment                  | 5 939            | 7 297            | (1 358)         | -19%         |
| Intangible assets                              | 5 966            | 287              | 5 679           | 1979%        |
| Investment in joint venture                    | 21 310           | 21 310           | -               | 0%           |
| Deferred tax                                   | 22 526           | 22 526           | -               | 0%           |
| <b>Total Non-current assets</b>                | <b>55 741</b>    | <b>51 420</b>    | <b>4 321</b>    | <b>8%</b>    |
| <b>Total Assets</b>                            | <b>1 642 830</b> | <b>1 472 127</b> | <b>170 703</b>  | <b>12%</b>   |
| <b>Liabilities</b>                             |                  |                  |                 |              |
| <b>Current Liabilities</b>                     |                  |                  |                 |              |
| Loans to shareholder                           | 1 128 133        | 985 719          | 142 414         | 14%          |
| Borrowings - DBSA                              | 2 142            | 2 142            | -               | 0%           |
| Finance lease obligation                       | 4                | 194              | (191)           | -98%         |
| Payables from exchange transactions            | 835 869          | 757 290          | 78 579          | 10%          |
|  | <b>1 966 148</b> | <b>1 745 345</b> | <b>220 803</b>  | <b>13%</b>   |
| <b>Non-Current Liabilities</b>                 |                  |                  |                 |              |
| Borrowings - DBSA                              | 6 854            | 7 925            | (1 071)         | -14%         |
| Deferred Income from non-exchange transactions | 178              | 178              | (0.20)          | 0%           |
|  | <b>7 032</b>     | <b>8 103</b>     | <b>(1 072)</b>  | <b>-13%</b>  |
| <b>Total Liabilities</b>                       | <b>1 973 179</b> | <b>1 753 448</b> | <b>219 731</b>  | <b>13%</b>   |
| <b>Net Assets</b>                              | <b>(330 349)</b> | <b>(281 321)</b> | <b>(49 028)</b> | <b>17%</b>   |
| Share Capital                                  | 0.120            | 0.120            | -               | -            |
| Accumulated deficit                            | (330 348)        | (281 322)        | (49 026)        | 17%          |
| <b>Total Net Assets</b>                        | <b>(330 348)</b> | <b>(281 322)</b> | <b>(49 026)</b> | <b>-100%</b> |

## **1.1 Assets**

Current assets have increased by R166.4 million (from R1.420 billion to R1.587 billion). Receivables from exchange transactions have increased by 13% due to high outstanding tenant debtors and high outstanding balances from the CoJ departments that JOSHCO is executing projects on behalf of. The highest outstanding balance from the entities that JOSHCO is executing projects on behalf is from the Department of Human Settlement. The Executive Director of Housing has been requested to provide a plan for the new financial year on how the department will settle the invoices due to Joshco which are not being disputed.

The only material change in the composition of non-current assets is a 1979% increase in intangible assets due to the capitalization of the tenant portal system.

## **1.2 Liabilities**

Loans from shareholders increased by R142.4 million (from R985.7 million to R1, 128 billion) due to the entity settling all supplier invoices within 30 days and having long outstanding debtors from the departments we execute projects on behalf of resulting in a negative sweeping bank balance. Payables from exchange transactions increased by 10% because of additional work done on behalf of other departments. Included in current liabilities is the current portion of the long-term loan from the DBSA.

There has been no change in the composition of non-current liabilities.

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

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 30 June 2022 resulted in a deficit of R105 million per Table 36 below.

**Table 36: Statement of Financial Performance for the year ended 30 June 2022**

| Description                                   | Actual           | Budget           | Variance         | Variance %   |
|---|------------------|------------------|------------------|--------------|
|   | R'000            | R'000            | R'000            |              |
| Rental Income                                 | 181 106          | 188 819          | (7 713)          | -4%          |
| Subsidies                                     | 54 329           | 54 329           | -                | 0%           |
| Management Fees                               | 104 260          | 72 944           | 31 316           | 43%          |
| Interest Income                               | 14 312           | 14 455           | (143)            | -1%          |
| Utility Recoveries                            | 280              | 290              | (10)             | -3%          |
| Other Income                                  | 1 668            | 1 000            | 668              | 67%          |
| <b>Total Revenue</b>                          | <b>355 955</b>   | <b>331 837</b>   | <b>24 118</b>    | <b>7%</b>    |
| Personnel costs                               | (152 904)        | (147 350)        | (5 554)          | 4%           |
| Board fees                                    | (2 670)          | (2 528)          | (142)            | 6%           |
| Special projects staff costs                  | (2 049)          | -                | (2 049)          | 100%         |
| Provision for bad debts                       | (90 872)         | (29 314)         | (61 558)         | 210%         |
| Depreciation and Amortisation                 | (2 685)          | (1 491)          | (1 194)          | 80%          |
| Finance Costs                                 | (31 274)         | (1 602)          | (29 672)         | 1852%        |
| Repairs and Maintenance                       | (47 494)         | (38 963)         | (8 531)          | 22%          |
| Security                                      | (26 658)         | (25 188)         | (1 470)          | 6%           |
| Utilities                                     | (72 125)         | (61 841)         | (10 284)         | 17%          |
| Administrative                                | (32 282)         | (23 560)         | (8 722)          | 37%          |
| <b>Total Expenditure</b>                      | <b>(461 012)</b> | <b>(331 837)</b> | <b>(129 175)</b> | <b>39%</b>   |
| <b>Operating (Deficit)/Surplus before tax</b> | <b>(105 057)</b> | -                | <b>(105 057)</b> | <b>-100%</b> |
| Taxation                                      | -                | -                | -                | -            |
| <b>Operating (Deficit)/Surplus after tax</b>  | <b>(105 057)</b> | -                | <b>(105 057)</b> | <b>-100%</b> |

## 2.1 Revenue

The entity's revenue is derived from the streams per Table 37 below.

**Table 37: Composition of revenue**

| Revenue              | Actual         | Budget         | Weighting % |
|----------------------|----------------|----------------|-------------|
|                      | R'000          | R'000          |             |
| Rentals Received     | 181 106        | 188 819        | 51%         |
| Subsidies            | 54 329         | 54 329         | 15%         |
| Management Fees      | 104 260        | 72 944         | 29%         |
| Interest Received    | 14 312         | 14 455         | 4%          |
| Utilities            | 280            | 290            | 0.1%        |
| Other Income         | 1 668          | 1 000          | 0.5%        |
| <b>Total Revenue</b> | <b>355 954</b> | <b>331 837</b> | <b>100%</b> |

The biggest contributor to revenue is rental income making up 51% of total revenue. Total revenue is 7% (R24 million) above budget. The main reason for revenue being above budget is Management fees which are 43% (R31 million) above budget due to increased projects on behalf of other departments.

The entity's collection level continues to decrease, collection is at 56% for current tenant rentals against a collection target of 90% for the current financial year as shown in Table 38 below. The debt collection company is proceeding with collection of all debt above 60 days while the internal collection processes continues. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

**Table 38: Revenue Collection**

| PORTFOLIO                 | TOTAL BILLING<br>R'000 | TOTAL COLLECTION<br>R'000 | % COLLECTION | REASONS FOR UNDER PERFORMANCE   |
|---------------------------|------------------------|---------------------------|--------------|---|
| Retail Space              | 2 287                  | -2 170                    | 95%          | Shops in the inner city have defaulted on arrangements made as well as short payments on current rentals. These tenants have been handed over to debt collecting company for debt recovery and evictions. |
| Greenfields               | 16 512                 | -8 654                    | 52%          | Delayed court orders for evictions. Debt recovery files opened for defaulting tenants.  |
| Brownfields               | 21 240                 | -13 032                   | 61%          | Delayed court orders for evictions & debt recovery & eviction files opened  |
| City Referral             | 3 704                  | -580                      | 16%          | Former City Stock with a rising demand for ownership and mobilised group of tenants campaigning for non-rental payments   |
| <b>OVERALL COLLECTION</b> | <b>43 742</b>          | <b>-24 437</b>            | <b>56%</b>   |   |

The company currently uses the services of one debt collecting company to collect debt over 90 days. An additional four new debt collection companies have been appointed to extend the debt collection resources. The performance of the appointed debt collection company is shown in Table 39. For the year to date, the company has collected R12.4 million (4.8%) from the R259.8 million handed over to them for collection.

**Table 39: Revenue collection by debt Collection Company**

| Month                     | No. of accounts handed over | Amount handed over | Amount Collected | % Collection |
|---------------------------|-----------------------------|--------------------|------------------|--------------|
|                           |                             | R'000              | R'000            |              |
| Jul-21                    | 2,996                       | 126,983            | (833)            | 0.66%        |
| Aug-21                    | 2,988                       | 128,745            | (716)            | 0.56%        |
| Sep-21                    | 2,992                       | 127,864            | (774)            | 0.61%        |
| Oct-21                    | 3,000                       | 137,352            | (669)            | 0.49%        |
| Nov-21                    | 3,000                       | 140,136            | (608)            | 0.43%        |
| Dec-21                    | 3,000                       | 143,691            | (519)            | 0.36%        |
| Jan-22                    | 3,000                       | 147,030            | (488)            | 0.33%        |
| Feb-22                    | 4,887                       | 230,057            | (1,686)          | 0.73%        |
| Mar-22                    | 4,887                       | 252,502            | (1,996)          | 0.79%        |
| Apr-22                    | 4,370                       | 213,034            | (1 579)          | 0.74%        |
| May-22                    | 4,370                       | 229,503            | (1 382)          | 0.60%        |
| Jun-22                    | 4,370                       | 259,763            | (1 161)          | 0.45%        |
| <b>TOTAL YEAR TO DATE</b> | <b>4,370</b>                | <b>259,763</b>     | <b>(12 411)</b>  | <b>4.78%</b> |
|                           |                             |                    |                  |              |

## 2.2 Expenditure

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

### a) Personnel costs

- 4% above budget (R5.6 million) due to overtime costs and a high leave pay provision raised to high leave balances in the current quarter.

### b) Board fees

- 6% above budget (R142k) due to more than anticipated Board and committee meetings to deal with the transition from the departure of the CEO and other HR related matters.

### c) Special projects staff costs



- No budget allocated as these are temporary positions based on demand for projects on behalf of other departments. The justification for appointments is the 7% management fee we charge for special projects.

**d) Provision for bad debts**

- 210% above budget (R61.5 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts. Our collections rate for the quarter is 56% which is influenced by the reasons stated in Section 2.1 above.

**e) Depreciation and Amortisation**

- 80% above budget (R1.2 million) due to increase in purchase of computer equipment due to aging technology.

**f) Finance costs**

- 1852% above budget (R29.6 million) due to interest charged on sweeping account which is in overdraft.

**g) Repairs and Maintenance**

- 22% above budget (R8.5 million) due to increased unplanned maintenance as a result of deteriorating conditions in some buildings as planned maintenance has not been done in years due to financial constraints. The JOSHCO Executive committee has adopted a hybrid maintenance model that will see JOSHCO using both the insourced maintenance team (handyman, plumber, and electrician) and the outsourced contractors. The insourced maintenance team will start in August 2022. The Housing Management department has re-arranged the portfolio set up to easily implement the phase one of the insourced in the inner-city project. All inner-city buildings are now under one portfolio manager who will lead the team. A building conditional assessment has been done to understand the extent of the problem and to direct the budget appropriately.

**h) Security**

- 6% above budget (R1.4 million) due to the hybrid model for security being used (insourced and outsourced) in order to curb high overtime costs. The Housing

Management department has requested an increase in the budget allocation for outsourced security guards in the new financial year.

**i) Utilities**

- 17% above budget (R10.3 million) due to utility costs incurred more than available budget. The entity's budget was adjusted mid-year, but it was still not sufficient to cover the entire cost. The entity has appointed a service provider to provide a vending solution. To date, Dobsonville and Turffontein are now fully operating on the JOSHCO vending program. JOSHCO is building the capacity to take over the vending program after the three-year contract. The insourced maintenance team has been prepared to service the customers as and when required, the challenges in relation to the appointed service provider has been addressed and the system for vending has been developed and MTC will be providing smart meters as and when required by the service provider. As per the statement of collection from the service provider, JOSCHO will received R600 000 from the service provider for the two properties. JOSCHO Management has started the process of creating a panel of service providers to provide water meters, water vending solution and additional electricity meters. This panel should be concluded by end of July 2022.

**j) Administrative costs**

- 37% above budget (R8.7 million) due to an increase in legal fees, advertising costs for preparation of the sites for outdoor advertising and increase in tele-communication costs (cellphones and 3G modems) due to the entity still working from home. The executive committee has taken a decision to settle matters out of court to reduce legal fees. Newly appointed debt collection companies have standard litigation rates and tenant matters will only referred to them and not the wider city panel.

**SECTION 3: CASH FLOW STATEMENT**

Cash and cash equivalents balance as at 30 June 2022 is R189.6 million. The tenant deposit account has a balance of R16.2 million. The SHRA account has a balance of R173.4 million. An

amount of R1.128 billion is in overdraft on the sweeping account and is disclosed as a current liability (Loans from to/ (from) shareholder).

#### SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

After the mid-year adjustment, the organisation has an allocated capital budget of R628 million funded from the external funding sources and capital reserves. Implementation is as per the following programmes:

- iii. Greenfields projects; and
- iv. The Inner-City re-generation programme.

As at 30 June 2022 JOSHCO's verified spent for the quarter under review is 98% against a target of 95% per the table below. This is reflected in Table 40 below.

**Table 40: Capex Spend Per Project**

| Project Description                                    | Approved Budget 2021/22 | Amount Spent   | Balance       | % Spend    |
|--|-------------------------|----------------|---------------|------------|
|  | R'000                   | R'000          | R'000         |            |
| Abel Road Inner City Building Conversion               | 2 500                   | 2 498          | 2             | 100%       |
| Booyens Street Inner City Conversion                   | 1 000                   | 1 000          | -             | 100%       |
| Casamia Inner City Building Upgrade Region F           | 500                     | -              | 500           | 0%         |
| Devland Golden Highway Social Housing Project Region D | 18 410                  | 16 582         | 1 828         | 90%        |
| Inner City Buildings Acquisitions                      | 32 000                  | 30 156         | 1 844         | 94%        |
| Lufhereng Social Housing Project Region D              | 101 290                 | 98 931         | 2 359         | 98%        |
| Nancefield Social Housing Project Region D             | 88 000                  | 86 788         | 1 212         | 99%        |
| Princess Plots Social Housing Project Region C         | 120 955                 | 116 611        | 4 344         | 96%        |
| Randburg Selkirk Social Housing Project Region B       | 5 000                   | 4 903          | 97            | 98%        |
| Roodepoort Social Housing Upgrade Region C             | 4 600                   | 4 576          | 24            | 99%        |
| Tum-Key 1: Region A                                    | 145 530                 | 144 432        | 1 098         | 99%        |
| Tum-Key 1: Region D                                    | 61 000                  | 60 998         | 2             | 100%       |
| Tum-Key 3: Region B                                    | 47 300                  | 47 300         | -             | 100%       |
|  | <b>628 085</b>          | <b>614 776</b> | <b>13 309</b> | <b>98%</b> |

## SECTION 5: RATIO ANALYSIS

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

**Table 41: Key Ratio Analysis as at 30 June 2022**

| KEY PERFORMANCE INDICATOR                                  | 2021/22 TARGET  | QUARTER 4 TARGET | QUARTER 4 PERFORMANCE | VARIANCE  |
|--|---|------------------|-----------------------|-----------|
| Achievement of selected profitability and liquidity ratios | Current ratio 1:1   | 1:1              | 0.81                  | -0.19     |
|  | Solvency Ratio 1:1  | 1:1              | 0.83                  | -0.17     |
|  | Cost Coverage: 50 days  | 50 days          | -237 days             | -287 days |
|  | Remuneration to operational expenditure (OPEX) up to 40%      | 40%              | 33%                   | +7%       |
|  | 90% collection in respect of current debtors                  | 90%              | 56%                   | -34%      |
| % of valid invoices paid within 30 days of invoice receipt | 100% of valid invoices paid within 30 days of invoice receipt | 100%             | 100%                  | -         |
| % Capital Expenditure Budget.                              | 95% Capital Expenditure Budget.                               | 95%              | 98%                   | 3%        |

## 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.

The entity's 5-year strategic plan which focuses on revenue enhancement activities in order to improve the entity's financial sustainability is under implementation as follows:

- Increase in management fee income earned on projects implemented on behalf of other COJ entities – this strategy is progressing well; the entity is 43% above the projections for the year to date.
- Student accommodation – a share of the collections has been transferred to Joshco. An addendum to the contract is currently being drafted to ensure timeous collection of monies due to the entity. Conclusion is expected in Q1 of FY2022/23
- Outdoor advertising – The appointed service provider has done the development of the building wrap structures for advertisement at AA House and is now in the process of the development of Union square building. The following are the next developments proposed:
  - MBV
  - African Diamond
  - Raschers and
  - Phoenix House.

The second phase of implementation will be signing of leases with the marketing companies for utilizing the space.

Strategies to reduce expenditure are as follows:

- Staff costs: Replacement of physical security with technology to curb high staff overtime cost - The process of installation of Biometric systems in 20 JOSHCO projects was completed on 21 December 2021. The enrolment of tenants into the system is underway, currently 12 of 20 (60%) have been completed. It is

envisaged that enrolment will be done by end of July 2022. JOSHCO is in the process of procurement for the storage of the data.

- Staff costs: Management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. Negotiations underway with union representatives for selling of leave for qualifying employees.
- Provision for bad debts – refer to mitigations for debt collection below.
- Finance costs – refer to cost coverage mitigations below.
- Repairs and Maintenance – refer to Section 2.2 above.
- Security - refer to Section 2.2 above
- Utilities – The entity has appointed a service provider to provide a vending solution. To date, Dobsonville and Turffontein are now fully operating on the JOSHCO vending program. JOSHCO is building the capacity to take over the vending program after the three-year contract. The insourced maintenance team has been prepared to service the customers as and when required, the challenges in relation to the appointed service provider has been addressed and the system for vending has been developed and MTC will be providing smart meters as when required by the service provider. As per the statement of collection from the service provider, JOSCHO will received R600 000 from the service provider for the two properties. JOSCHO Management has started the process of creating a panel of service providers to provide water meters, water vending solution and additional electricity meters. This panel should be concluded by end of July 2022.

### **5.1.2 Cost Coverage**

Non-performance is due to low cash balances and an overdraft as a result of settlement of suppliers prior to receiving claims from the departments that the entity is executing projects on behalf.

The highest outstanding balance from the entities that JOSHCO is executing projects on behalf is from the Department of Human Settlement. The Executive Director of Housing has been requested to provide a plan for the new financial year on how the department will settle the invoices due to Joshco which are not being disputed.

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 are to be held with CoJ departments to follow up on outstanding invoices. Finance department working with the office of the COO to ensure timeous submission of invoices to departments that JOSHCO is executing projects on behalf.

The Finance manager to co-ordinate monthly meetings with project team to track payment of invoices due to Joshco. Any department owing Joshco more than 60 days to be escalated to CFO for intervention. Amounts owing 90 days plus to be escalated to CEO for engagement with the Executive Directors of those departments.

### **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 Human Settlement Department 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 Human Settlement.
- 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 organisational design process.

- To deal with the long outstanding debt, Management has sourced an additional 4 service providers who will do debt collection on our behalf from the city. Therefore, each portfolio will have a debt collector who will focus on debt on that respective portfolio and the payment to the debt collector is performance driven, they will only claim for payment once they have assisted in recovery the monies owed at a percentage.
- JOSCHO will now send bulk SMS's to encourage payment arrangements, collection of the monthly statements at the site offices or getting the statements emailed to them.
- The numerous discount vouchers available per our policy will continue to be offered to tenants.
- A tenant engagement programme is currently being implemented to deal with all tenant matters to encourage rent payment.



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

### 6.1 DEVIATIONS ON SCM

Table 42 reflects approved deviations for the quarter under review.

**Table 42: Approved deviations for the quarter ended 30 June 2022**

| Name of tender              | User Department         | Reason   | Approval date | Original PO Amount | Adjusted PO Amount |
|-----------------------------|-------------------------|--|---------------|--------------------|--------------------|
| Magate Phala and Associates | Corporate Services      | Extension of Scope – New misconduct matters lodged and Magate Phala contract ended before the new matters were concluded, therefore a need for extension of scope was identified and approved for. | 20 May 2022   | R51 000.00         | R197,600.00        |
| None                        | Housing Management Unit | Deviate from normal SCM processes – Advertisement of bid for period shorter than 30 days (Occupancy Audit panel).  | 24 May 2022   | N/A                | N/A                |

### 6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 30 June 2022, all valid invoices were paid within 30 days.

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

The entity has incurred irregular expenditure due to the overspend of the budget of R66.4 million for the year. The numerous mitigations identified by management to turn the company around has been addressed in sections above.

### 6.4 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

Table 43 reflects the approved variation orders for the period under review.

**Table 43: Approved variation orders for the quarter ended 30 June 2022**

| Name of tender        | User Department          | Reason  | Approval date | Original PO Amount | Adjusted PO Amount | Variation      | % Variation |
|-----------------------|--------------------------|---|---------------|--------------------|--------------------|----------------|-------------|
| Molatebo Construction | Housing Development Unit | Additional Scope of work – Increased in quantities due to deterioration on the facilities | 23 June 2022  | R 10 459 708.93    | R11 804 609.42     | R 1 344 900.49 | 12.86%      |

### 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 44: Awards for the quarter**

| BID NUMBER      | PROJECT DESCRIPTION / SCOPE OF WORK         | DEPARTMENT/ END USER             | MEDIA ADVERTISED            | BAC DATE  | AWARDED SERVICE PROVIDER | REASON FOR AWARD      | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|-----------------|---|----------------------------------|-----------------------------|-----------|--------------------------|-----------------------|-------------------------|----------------|-------------|
| COMDEV/022/2022 | THE APPOINTMENT OF A CONTRACTOR FOR PLANNED | SPECIAL PROJECT UNIT -COJ COMDEV | JOSHCO PANEL OF CONTRACTORS | 11-Apr-22 | COOL MAKERS TRADING      | THIRD HIGHEST SCORING | R4,007,756.80           | R3,903,391.55  | 1           |

| BID NUMBER    | PROJECT DESCRIPTION / SCOPE OF WORK   | DEPARTMENT/ END USER                | MEDIA ADVERTISED                           | BAC DATE  | AWARDED SERVICE PROVIDER         | REASON FOR AWARD              | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|---------------|---|-------------------------------------|--|-----------|----------------------------------|-------------------------------|-------------------------|----------------|-------------|
|               | MAINTENANCE AT UNION MUTLIPURPOSE SPORTS STADIUM IN REGION B FOR COJ-COMDEV                                     |                                     | - POC/001/2021                             |           |                                  | BIDDER                        |                         |                |             |
| JMPD/014/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT REITFONTEIN FIRE STATION IN REGION G FOR COJ-PUBLIC SAFETY   | SPECIAL PROJECT - COJ PUBLIC SAFETY | JOSHCO PANEL OF CONTRACTORS - POC/002/2021 | 11-Apr-22 | MUGHWENA TRADING PROJECT         | SECOND HIGHEST SCORING BIDDER | R10,935,181.88          | R10,023,211.25 | 1           |
| MCM/013/2022  | THE APPOINTMENT OF A CONTRACTOR FOR CLEANING AND MAINTENANCE OF DOBSONVILLE HOSTEL FOR A PERIOD EIGHTEEN MONTHS | SPECIAL PROJECT UNIT                | JOSHCO's Contractors panel.                | 11-Apr-22 | FOUR CATYTE                      | HIGHEST SCORING BIDDER        | R9,999,800.33           | R7,162,227.60  | 1           |
| MCM/011/2022  | APPOINTMENT OF A MANAGING CONTRACTOR FOR CLEANING AND MAINTENANCE OF JABULANI HOSTEL FOR A PERIOD OF            | SPECIAL PROJECT UNIT                | JOSHCO's Contractors panel.                | 11-Apr-22 | MATHELUMUSA TRADING AND PROJECTS | HIGHEST SCORING BIDDER        | R13,981,989.30          | R10,778,905.74 | 1           |

| BID NUMBER    | PROJECT DESCRIPTION / SCOPE OF WORK  | DEPARTMENT/ END USER                | MEDIA ADVERTISED                           | BAC DATE  | AWARDED SERVICE PROVIDER   | REASON FOR AWARD             | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|---------------|--|-------------------------------------|--|-----------|----------------------------|------------------------------|-------------------------|----------------|-------------|
|               | EIGHTEEN (18) MONTHS.  |                                     |  |           |                            |                              |                         |                |             |
| MCM/010/2022  | APPOINTMENT OF A MANAGING CONTRACTOR FOR CLEANING AND MAINTENANCE OF HELEN JOSEPH HOSTEL FOR A PERIOD OF EIGHTEEN (18) MONTHS. | SPECIAL PROJECT UNIT                | JOSHCO's Contractors panel.                | 11-Apr-22 | BLACKCHERRY TRADING CC     | THIRD HIGHEST SCORING BIDDER | R13,981,989.30          | R12,154,770.21 | 1           |
| JMPD/020/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT JMPD HEADOFFICE MARTINDALE IN REGION B FOR COJ-PUBLIC SAFETY                | SPECIAL PROJECT - COJ PUBLIC SAFETY | JOSHCO PANEL OF CONTRACTORS - POC/002/2020 | 11-Apr-22 | R MAHANGE AND ASSOCIATES   | HIGHEST SCORING BIDDER       | R15,948,133.59          | R11,593,433.21 | 1           |
| JMPD/012/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT MIDRAND FIRE STATION IN REGION A FOR COJ-PUBLIC SAFETY                      | SPECIAL PROJECT - COJ PUBLIC SAFETY | JOSHCO PANEL OF CONTRACTORS - POC/002/2020 | 11-Apr-22 | SABELA MATHAVA CONSULTANTS | HIGHEST SCORING BIDDER       | R17,827,668.60          | R14,848,035.59 | 1           |

| BID NUMBER           | PROJECT DESCRIPTION / SCOPE OF WORK  | DEPARTMENT/ END USER                | MEDIA ADVERTISED  | BAC DATE  | AWARDED SERVICE PROVIDER             | REASON FOR AWARD              | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|----------------------|--|-------------------------------------|---|-----------|--------------------------------------|-------------------------------|-------------------------|----------------|-------------|
|                      | SAFETY   |                                     |   |           |                                      |                               |                         |                |             |
| JMPD/013/2022        | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT ORANGE FARM FIRE STATION IN REGION G FOR COJ-PUBLIC SAFETY.                 | SPECIAL PROJECT - COJ PUBLIC SAFETY | JOSHCO PANEL OF CONTRACTORS - POC/001/2020                                  | 11-Apr-22 | TFM BUSINESS ENTERPRISE              | SECOND HIGHEST SCORING BIDDER | R4,117,527.95           | R3,969,200.00  | 1           |
| MCM/007/2022         | APPOINTMENT OF A MANAGING CONTRACTOR FOR CLEANING AND MAINTENANCE OF ORLANDO WEST HOSTEL FOR A PERIOD OF EIGHTEEN (18) MONTHS. | SPECIAL PROJECT UNIT                | JOSHCO's Contractors panel.   | 11-Apr-22 | BALLATZ CONSTRUCTION AND MAINTENANCE | HIGHEST SCORING BIDDER        | R9,900,580.32           | R7,559,473.02  | 1           |
| ICTPRINTERS/001/2022 | THE APPOINTMENT OF A SERVICE PROVIDER COST-EFFECTIVE-SOLUTION FOR THE LEASING AND  | JOSHCO                              | Direct invitation sent to JOSHCO's approved panel of ICT service providers. | 31-May-22 | ONEWAY TECHNOLOGIES                  | HIGHEST SCORING BIDDER        | R2,000,000.00           | R1,851,933.00  | 1           |

| BID NUMBER          | PROJECT DESCRIPTION / SCOPE OF WORK  | DEPARTMENT/ END USER | MEDIA ADVERTISED  | BAC DATE  | AWARDED SERVICE PROVIDER     | REASON FOR AWARD       | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT   | BBBEE LEVEL |
|---------------------|--|----------------------|---|-----------|------------------------------|------------------------|-------------------------|------------------|-------------|
|                     | MAINTENANCE OF BRAND-NEW MULTIFUNCTIONAL PRINTERS & COPIERS  |                      |   |           |                              |                        |                         |                  |             |
| ICTLAPTOPS/001/2022 | APPOINTMENT OF SERVICE PROVIDER FROM JOSHCO ICT PANEL OF SERVICE PROVIDERS TO PROVIDE LAPTOPS AS PER THE SPECIFICATIONS WITH THREE (3) YEAR NEXT BUSINESS DAY ON-SITE WARRANTY FOR A PERIOD OF THREE YEARS | JOSHCO               | Direct invitation sent to JOSHCO's approved panel of ICT service providers        | 31-May-22 | TECHEMPIRE OFFICE AUTOMATION | HIGHEST SCORING BIDDER | R1,500,000.00           | R1,470,436.00    | 1           |
| RFP/ES/020/2022     | THE APPOINTMENT OF A SERVICES ENGINEERING CONSULTANT FOR REVITALIZATION OF PHASE1  | JOSHCO               | Direct invitation sent to JOSHCO's approved panel of Engineering Services – Group | 31-May-22 | LERUMO PROPERTIES            | HIGHEST SCORING BIDDER | R4,500,000.00           | R 4, 629, 990.31 | 1           |

| BID NUMBER      | PROJECT DESCRIPTION / SCOPE OF WORK   | DEPARTMENT/ END USER             | MEDIA ADVERTISED  | BAC DATE | AWARDED SERVICE PROVIDER | REASON FOR AWARD             | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT  | BBBEE LEVEL |
|-----------------|---|----------------------------------|---|----------|--------------------------|------------------------------|-------------------------|-----------------|-------------|
|                 | RESIDENTIAL UNITS WITH THE IMPLEMENTATION OF THE CONDITIONAL ASSESSMENT, MANAGEMENT AND CONSTRUCTION MONITORING.                            |                                  | B.  |          |                          |                              |                         |                 |             |
| COMDEV/021/2022 | THE APPOINTMENT OF A CONTRACTOR FOR CONSTRUCTION OF COSMO CITY SWIMMING POOL IN REGION C FOR COJ-COMDEV.                                    | SPECIAL PROJECT UNIT -COJ COMDEV | Direct invitation sent to Contractors on JOSHCO's Panel of Contractors POC/007/2020 | 7-Jun-22 | PRO-POWER GROUP          | HIGHEST SCORING BIDDER       | R41,401,078.93          | R35,321,805.00  | 1           |
| MCM/014/2022    | APPOINTMENT OF A MANAGING CONTRACTOR FOR CLEANING AND MAINTENANCE OF DIEPKLOOF AND NANCEFIELD HOSTELS FOR A PERIOD OF EIGHTEEN (18) MONTHS. | SPECIAL PROJECT UNIT             | Direct invitation sent to Contractors on JOSHCO's Contractors panel                 | 7-Jun-22 | LENATI PROPERTIES        | THIRD HIGHEST SCORING BIDDER | R27,008,140.60          | 24,849,285.56   | 1           |
| MCM/012/2022    | APPOINTMENT OF A MANAGING   | SPECIAL PROJECT UNIT             | Direct invitation sent to   | 7-Jun-22 | HBC CONSTRUCTION         | SECOND HIGHEST               | R28,066,125.90          | R 23,627,431.45 | 1           |

| BID NUMBER      | PROJECT DESCRIPTION / SCOPE OF WORK   | DEPARTMENT/ END USER | MEDIA ADVERTISED  | BAC DATE | AWARDED SERVICE PROVIDER | REASON FOR AWARD              | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|-----------------|---|----------------------|---|----------|--------------------------|-------------------------------|-------------------------|----------------|-------------|
|                 | CONTRACTOR FOR CLEANING AND MAINTENANCE OF DUBE AND MEADOWLANDS HOSTELS FOR A PERIOD OF EIGHTEEN (18) MONTHS                            |                      | Contractors on JOSHCO's Contractors panel   |          |                          | SCORING BIDDER                |                         |                |             |
| HEALTH/068/2022 | THE APPOINTMENT OF A CONTRACTOR FOR ELECTRICAL UPGRADES AT KLIPSPRUIT WEST AND LENASIA SOUTH CLINIC IN REGION D&G.                      | HEALTH DEPARTMENT    | Direct invitation sent to Contractors on JOSHCO's Panel of Contractors POC/001/2020 | 7-Jun-22 | SHONAPH HOLDINGS         | SECOND HIGHEST SCORING BIDDER | R2,927,214.88           | R2,625,550.00  | 1           |
| MCM/009/2022    | APPOINTMENT OF A MANAGING CONTRACTOR FOR CLEANING AND MAINTENANCE OF LIFATENG AND MAPETLA HOSTELS FOR A PERIOD OF EIGHTEEN (18) MONTHS. | SPECIAL PROJECT UNIT | Direct invitation sent to Contractors on JOSHCO's Contractors panel                 | 7-Jun-22 | GOCHI TRADING            | THIRD HIGHEST SCORING BIDDER  | R28,066,125.90          | 25,570,613.86  | 1           |
| HEALTH/070/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR   | HEALTH DEPARTMENT    | Direct invitation sent to Contractors on  | 7-Jun-22 | DREAMTEAM TRADING        | SECOND HIGHEST SCORING        | R3,063,186.00           | R2,746,310.00  | 1           |



| BID NUMBER      | PROJECT DESCRIPTION / SCOPE OF WORK  | DEPARTMENT/ END USER | MEDIA ADVERTISED   | BAC DATE | AWARDED SERVICE PROVIDER                                 | REASON FOR AWARD              | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|-----------------|--|----------------------|--|----------|--|-------------------------------|-------------------------|----------------|-------------|
|                 | WORKS AND INSTALLING OF LAPTOP SAFES AT COJ-HEALTH FACILITIES IN VARIOUS REGIONS-PHASE 2.  |                      | JOSHCO's Panel of Contractors<br>POC/001/2020  |          |  | BIDDER                        |                         |                |             |
| MCM/008/2022    | APPOINTMENT OF A MANAGING CONTRACTOR FOR CLEANING AND MAINTENANCE OF NOBUHLE AND MADALA HOSTELS FOR A PERIOD OF EIGHTEEN (18) MONTHS | SPECIAL PROJECT UNIT | Direct invitation sent to Contractors on JOSHCO's Contractors panel                    | 7-Jun-22 | KURMA JOINT VENTURE                                      | THIRD HIGHEST SCORING BIDDER  | R25,950,155.40          | R23,194,534.00 | 1           |
| HEALTH/069/2022 | APPOINTMENT OF A MANAGING CONTRACTOR FOR CLEANING AND MAINTENANCE OF NOBUHLE AND MADALA HOSTELS FOR A PERIOD OF EIGHTEEN (18) MONTHS | HEALTH DEPARTMENT    | Direct invitation sent to Contractors on JOSHCO's Panel of Contractors<br>POC/001/2020 | 7-Jun-22 | MAT-CLASSIC INVESTMENTS/ZOBUHLE ENGINEERING AND PROJECTS | SECOND HIGHEST SCORING BIDDER | R1,505,476.50           | R1,406,037.63  | 1           |
| HEALTH/067/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR  | HEALTH DEPARTMENT    | Direct invitation sent to Contractors on   | 7-Jun-22 | TSS3 HOLDINGS  | SECOND HIGHEST SCORING        | R3,352,661.13           | R2,672,319.75  | 1           |

| BID NUMBER    | PROJECT DESCRIPTION / SCOPE OF WORK  | DEPARTMENT/ END USER                | MEDIA ADVERTISED   | BAC DATE | AWARDED SERVICE PROVIDER     | REASON FOR AWARD              | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|---------------|--|-------------------------------------|--|----------|------------------------------|-------------------------------|-------------------------|----------------|-------------|
|               | WORKS AT ZONDI, NOKUPHILA, FREEDOM PARK & LAWLEY 2 CLINIC IN REGION D&G.                                   |                                     | JOSHCO's Panel of Contractors<br>POC/001/2020  |          |                              | BIDDER                        |                         |                |             |
| JMPD/009/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT FAIRVIEW FIRE STATION IN REGION F FOR COJ-PUBLIC SAFETY | SPECIAL PROJECT - COJ PUBLIC SAFETY | Direct invitation sent to Contractors on JOSHCO's Panel of Contractors<br>POC/001/2020 | 7-Jun-22 | AMAMPEMBE TRADING ENTERPRISE | THIRD HIGHEST SCORING BIDDER  | R6,988,474.63           | R6,645,549.53  | 1           |
| JMPD/010/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT FLORIDA FIRE STATION IN REGION C FOR COJ-PUBLIC SAFETY  | SPECIAL PROJECT - COJ PUBLIC SAFETY | Direct invitation sent to Contractors on JOSHCO's Panel of Contractors<br>POC/001/2020 | 7-Jun-22 | MYVAE HOLDINGS               | HIGHEST SCORING BIDDER        | R10,000,000.00          | R8,680,200.00  | 1           |
| JMPD/011/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT JABULANI FIRE STATION IN REGION D FOR                   | SPECIAL PROJECT - COJ PUBLIC SAFETY | Direct invitation sent to Contractors on JOSHCO's Panel of Contractors<br>POC/001/2020 | 7-Jun-22 | TOMEMA TRADING               | SECOND HIGHEST SCORING BIDDER | R8,293,835.06           | R7,837,194.29  | 1           |

| BID NUMBER      | PROJECT DESCRIPTION / SCOPE OF WORK  | DEPARTMENT/ END USER                | MEDIA ADVERTISED  | BAC DATE | AWARDED SERVICE PROVIDER   | REASON FOR AWARD              | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|-----------------|--|-------------------------------------|---|----------|----------------------------|-------------------------------|-------------------------|----------------|-------------|
|                 | COJ-PUBLIC SAFETY  |                                     |   |          |                            |                               |                         |                |             |
| JMPD/015/2022   | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT TURFFONTEIN FIRE STATION IN REGION F FOR COJ-PUBLIC SAFETY        | SPECIAL PROJECT - COJ PUBLIC SAFETY | Direct invitation sent to Contractors on JOSHCO's Panel of Contractors POC/001/2020 | 7-Jun-22 | THISA TRADING AND PROJECTS | SECOND HIGHEST SCORING BIDDER | R6,224,377.24           | R5,845,887.59  | 1           |
| RFP/PM/055/2022 | APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT FOR THE REFURBISHMENT OF COMDEV FACILITIES IN REGION C&D FOR COJ-COMDEV | SPECIAL PROJECT UNIT -COJ COMDEV    | JOSHCO approved panel of Professional Services – Project Management.                | 8-Jun-22 | DITLOU CONSULTING          | FOURTH HIGHEST SCORING BIDDER | R8,280,000.00           | R8,428,368.45  | 1           |
| RFP/PM/054/2022 | APPOINTMENT OF PROJECT MANAGEMENT CONSULTANT FOR THE REFURBISHMENT OF COMDEV FACILITIES IN REGION G FOR              | SPECIAL PROJECT UNIT -COJ COMDEV    | JOSHCO approved panel of Professional Services – Project Management                 | 8-Jun-22 | ZIMNYAMA KHONAIZWE JV      | SIXTH HIGHEST SCORING BIDDE   | R3,532,800.00           | R3,797,760.00  | 1           |

| BID NUMBER      | PROJECT DESCRIPTION / SCOPE OF WORK   | DEPARTMENT/ END USER              | MEDIA ADVERTISED                                    | BAC DATE  | AWARDED SERVICE PROVIDER    | REASON FOR AWARD       | BUDGET/ ESTIMATED VALUE | AWARDED AMOUNT | BBBEE LEVEL |
|-----------------|---|-----------------------------------|---|-----------|-----------------------------|------------------------|-------------------------|----------------|-------------|
|                 | COJ-COMDEV.   |                                   |   |           |                             |                        |                         |                |             |
| HEALTH/071/2022 | THE APPOINTMENT OF A CONTRACTOR FOR ELECTRICAL UPGRADES AT REX STREET AND WENDYWOOD CLINIC IN REGION C&E                        | SPECIAL PROJECT UNIT - COJ HEALTH | JOSHCO APPROVED PANEL OF CONTRACTORS - POC/001/2022 | 23-Jun-22 | KHALALUDAKA CONSTRUCTION    | HIGHEST SCORING BIDDER | R3,035,624.84           | R2,902,073.05  | 1           |
| HEALTH/072/2022 | THE APPOINTMENT OF A CONTRACTOR FOR MINOR WORKS AT MAYIBUYE, THULAMTWANA, DAVIDSONVILLE & PROTEA SOUTH CLINICS IN REGION A, C&G | SPECIAL PROJECT UNIT - COJ HEALTH | JOSHCO APPROVED PANEL OF CONTRACTORS - POC/001/2022 | 23-Jun-22 | YEMTAR TRADING AND PROJECTS | HIGHEST SCORING BIDDER | R5,000,000.00           | R4,742,159.72  | 1           |

## 6.6 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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

**Table 45: Expenditure by sourcing process (Nature)**

| <b>a) Total Expenditure</b>  |                            |                               |
|------------------------------|----------------------------|-------------------------------|
| <b>Nature of expenditure</b> | <b>Quarter 4<br/>R'000</b> | <b>% Of total expenditure</b> |
| Capital Expenditure          | 293 190                    | 70%                           |
| Operational Expenditure      | 128 545                    | 30%                           |
| <b>Total Expenditure</b>     | <b>421 735</b>             | <b>100%</b>                   |

| <b>b) Capital Expenditure</b> |                            |                                   |
|-------------------------------|----------------------------|-----------------------------------|
| <b>Nature of expenditure</b>  | <b>Quarter 4<br/>R'000</b> | <b>% Of Capex<br/>expenditure</b> |
| Professional Consultants      | 90 984                     | 31%                               |
| Contractor Payments           | 202 206                    | 69%                               |
| <b>Total Expenditure</b>      | <b>293 190</b>             | <b>100%</b>                       |

| <b>c) Operational Expenditure</b>       |                            |                    |
|---|----------------------------|--------------------|
| <b>Nature of expenditure</b>            | <b>Quarter 4<br/>R'000</b> | <b>%<br/>Spend</b> |
| Procurement <R200 000                   | 20 778                     | 16,16%             |
| Cleaning and Gardening                  | -                          | 0%                 |
| Directors Remuneration-Board and Comm   | 753                        | 0,59%              |
| Operational Expenditure                 | 2 974                      | 2,31%              |
| Security Services – Housing Management  | 8 054                      | 6,27%              |
| Security Services – Housing Development | 56                         | 0,04%              |
| Repairs and Maintenance                 | 95 930                     | 74,63%             |
| <b>Total</b>                            | <b>128 545</b>             | <b>100%</b>        |

## 6.7 ACHIEVEMENT ON BBBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 46 to 48 below.

**Table 46: 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 1 | 140,958                                 | 140,958                                     | 100%                   |
| Quarter 2 | 76,167                                  | 72,491                                      | 95%                    |
| Quarter 3 | 87,690                                  | 70,989                                      | 81%                    |
| Quarter 4 | 128 545                                 | 120 582                                     | 94%                    |
| Period    | Total CAPEX from procurement activities | CAPEX to at least 51% black owned companies | % Spend for the period |
|           | R'000                                   | R'000                                       |                        |
| Quarter 1 | 236,513                                 | 148,274                                     | 63%                    |
| Quarter 2 | 196,718                                 | 155,834                                     | 79%                    |
| Quarter 3 | 132,024                                 | 126,524                                     | 96%                    |
| Quarter 4 | 293 190                                 | 264 264                                     | 90%                    |

**Table 47: 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 1 | 140,958                                 | 18,561                         | 13%                    |
| Quarter 2 | 76,167                                  | 5,001                          | 7%                     |
| Quarter 3 | 87,690                                  | 17, 836                        | 20%                    |
| Quarter 4 | 128,545                                 | 10,948                         | 9%                     |
| Period    | Total CAPEX from procurement activities | CAPEX to women owned companies | % Spend for the period |
|           | R'000                                   | R'000                          |                        |
| Quarter 1 | 236,513                                 | 16,796                         | 7%                     |
| Quarter 2 | 196,718                                 | 5,396                          | 2%                     |
| Quarter 3 | 132,024                                 | 5,666                          | 4%                     |
| Quarter 4 | 293,190                                 | 18,907                         | 6%                     |

**Table 48: 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 1 | 140,958                                 | 422                            | 0.18%                  |
| Quarter 2 | 76,167                                  | -                              | 0%                     |
| Quarter 3 | 87,690                                  | -                              | 0%                     |
| Quarter 4 | 128,545                                 | -                              | 0%                     |
| Period    | Total CAPEX from procurement activities | CAPEX to youth owned companies | % Spend for the period |
|           | R'000                                   | R'000                          |                        |
| Quarter 1 | 236,513                                 | 16,796                         | 7%                     |
| Quarter 2 | 196,718                                 | 5,396                          | 2%                     |
| Quarter 3 | 132,024                                 | -                              | 0%                     |
| Quarter 4 | 293,190                                 | -                              | 0%                     |

**SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES**

JOSHCO is currently attending to the following litigation issues and matters are still in progress.

**Table 49: Pending cases**

| LITIGATION   | STATUS       | POSSIBLE LIABILITY   |
|--|--------------|--|
| CANCELLATION OF A PROPERTY SALE AGREEMENT  | In progress. | Purchase price, transfer costs and legal expenditure incurred in pursuing the claim.   |
| CLAIM FOR DAMAGES  | In progress. | R 13 926 340.53, which is the amount spent on professional fees, R 719 340.00 instituted for damages suffered due to the non-performance and legal costs incurred in pursuing the claim. |
| CLAIM FOR UNPAID INVOICES FOR WORK DONE ON THE CASA-MIA PROJECT                    | In progress. | The claim for an amount of R 4 019 239.39 plus Legal fees  |
| CLAIM FOR UNPAID INVOICES FOR WORK DONE ON THE DOBSONVILLE PROJECT                 | In progress. | Interest on invoices at dispute  |
| APPLICATIONS FOR DEMOLITIONS IN RESPECT OF ILLEGAL STRUCTURES ENCROACHING ONTO THE | In progress. | Legal fees   |

|   |                   |                                  |
|---|-------------------|----------------------------------|
| DOBSONVILLE SOCIAL HOUSING PROJECT  |                   |                                  |
| APPLICATION FOR PROVISIONAL LIQUIDATION FOR UNPAID INVOICES (DOBSONVILLE PROJECT) | Matter finalised. | Legal fees                       |
| APPLICATION FOR COURT INTERDICTION (PRINCESS PLOTS PROJECT)                       | In progress.      | Legal costs                      |
| VARIOUS EVICTIONS AND RECOVERY OF OUTSTANDING RENTAL.                             | In progress.      | Legal costs, arrear rent.        |
| CLAIM FOR DAMAGES CAUSED TO MOTOR VEHICLE AT CITY DEEP                            | Matter finalised. | Claim settled through insurance. |

## SECTION 8: 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 as well. African Dawn was appointed as the insurance broker for all the City Departments and entities. Several claims related to property damage of the JOSHCO managed rental stock have been lodged with African Dawn in the 2020/2021 and the current financial year. There's been a significant improvement in insurance claim pay out processed in Q4, insurance pay-out of R567, 565, 56 was processed.

The following table depicts the insurance claims status as detailed:

**Table 50: insurance claims status**

| Insured Year | ADRS Claim no | Date of Loss | Policy Type Description     | Details of incident                     | Status/Comments                              | Amounts Paid to JOSHCO |
|--------------|---------------|--------------|-----------------------------|---|--|------------------------|
| 2019         | ADRS00001975  | 23/08/2019   | Assets All Risk             | Switchboard damaged due to power outage | Claim settled and closed                     | R137,103.00            |
| 2018         | ADRS00006622  | 17/06/2019   | Asset All Risk              | Kliptown fire damage                    | Claim settled and closed                     | R59,234.50             |
| 2021         | ADRS00006626  | 03/04/2021   | Asset All Risk              | Laptop theft -                          | Claim with African Dawn for processing       | Payment not received   |
| 2021         | ADRS00006630  | 29/03/2021   | Asset All Risk              | Laptop theft -                          | Claim with African Dawn for processing       | Payment not received   |
| 2020         | ADRS00005159  | 28/07/2020   | Asset All Risk              | Fleurhof printer damage                 | Insurance paid Service Provider and replaced | R12 845.00             |
| 2020         | ADRS00002533  | 25/07/2020   | Asset All Risk              | La Rosabel housing damage               | Claim paid                                   | R26 103, 63            |
| 2021         | ADRS00004083  | 29/01/2021   | Employee Practice Liability | Unfair Labour practice -                | Claim paid settlement                        | R156 000,00            |
| 2021         | ADRS00007924  | 16/05/2021   | Third party                 | Third party                             | Payment was made to                          | R 20,279.43            |



| Insured Year      | ADRS no      | Claim | Date of Loss | Policy Type Description     | Details of incident   | Status/Comments  | Amounts Paid to JOSHCO                          |
|-------------------|--------------|-------|--------------|-----------------------------|---|--|---|
|                   |              |       |              | liability                   | vehicle damaged by gate   | the third party  |   |
| 2021              | ADRS00007647 |       | 31/08/2021   | Employee Practice Liability | Employee has applied for a constructive dismissal against JOSHCO. | Award in favor of JOSHCO for constructive dismissal case | Legal cost paid to the insurance representative |
| 2021              | ADRS00008311 |       | 06/04/2021   | Employee Practice Liability | Unfair Labour practice - EPWP 52                                  | settlement file closed                                   | R156 000,00                                     |
| <b>Total Paid</b> |              |       |              |                             |   |  | <b>R567,565,56</b>                              |

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

The amount which JOSHCO owes other departments or entities or that which other departments or government entity owe JOSHCO is shown in Table 51 below.

**Table 51: Statement of amounts owed by or to government departments and public entities**

| Name of department                          | Amounts owed/(owing) |                 | Account status   |
|---|----------------------|-----------------|------------------|
|   | R'000                |                 |                  |
|   | Q3 of FY2021/22      | Q4 of FY2021/22 |                  |
| City of Johannesburg: Sweeping account      | (985 719)            | (1 184 474)     | 180 days overdue |
| City of Johannesburg: Housing               | 746 374              | 796 415         | 180 days overdue |
| Gauteng Department of Human Settlements     | 15 969               | 15 969          | 180 days overdue |
| City of Johannesburg: Treasury              | 5 958                | 5 958           | 180 days overdue |
| City of Johannesburg: Finance subsidy       | -                    | 29 981          | 30 days overdue  |
| City of Johannesburg: CAM                   | 349 387              | 367 136         | 120 days overdue |
| City of Johannesburg: Health Department     | 13 704               | 14 210          | 60 days overdue  |
| City of Johannesburg: GEF                   | 1 760                | 541             | 30 days overdue  |
| City of Johannesburg: Community Development | 16 478               | 27 070          | 60 days overdue  |
| City of Johannesburg: Legislature           | 13 009               | 23 812          | 60 days overdue  |
| City of Johannesburg: JMPD                  | 15 612               | 40 043          | Current          |
| City of Johannesburg: EMS                   | 2 026                | 4 737           | Current          |
| City of Johannesburg- Social Development    | 562                  | 1 155           | Current          |
| City of Johannesburg: Licencing             | 433                  | 6 347           | Current          |
| <b>Total</b>                                | <b>195 120</b>       | <b>148 899</b>  |                  |

## CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS

### SECTION 1: AUDIT OBJECTIVES

The following audit objectives were identified during the preliminary survey stage of the audit:

- To determine the extent to which management has implemented corrective action to address the previously reported deficiencies and associated risks.
- To determine the adequacy and effectiveness of the corrective action taken by management in addressing the associated deficiencies and risks.
- To agree with management, remedial action is required to address the outstanding and unresolved deficiencies and associated risks.

### SECTION 2: AUDIT SCOPE

The follow-up audit was limited to the review and evaluation of management corrective action to address the previously identified deficiencies and associated risks, using a walkthrough, discussion, observation, and audit testing.

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

The total number of Internal Audit findings for 2021-2022 financial was 117. The findings with implementation date overdue were 107. Internal Audit followed up on all the overdue findings and noted that 74% (79/107) were resolved and 26% (28/107) were still not resolved. The below tables indicate the findings per department.

**Table 52: The Table Below Provides a Breakdown of Internal Audit Findings Per Department**

| Departments              | Finding followed-up | Total finding resolved | Total finding <b>not</b> resolved |
|--------------------------|---------------------|------------------------|-----------------------------------|
| Finance and Finance      | 28                  | 23                     | 5                                 |
| Planning and Strategy    | 27                  | 21                     | 6                                 |
| Housing Management       | 31                  | 25                     | 6                                 |
| Human Capital Management | 8                   | 6                      | 2                                 |
| Stakeholder Management   | 5                   | 0                      | 5                                 |
| Housing Development      | 5                   | 1                      | 4                                 |
| Company Secretary        | 3                   | 3                      | 0                                 |
| <b>Total</b>             | <b>107</b>          | <b>79</b>              | <b>28</b>                         |
| %                        | 100%                | 74%                    | 26%                               |

#### SECTION 4: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (CATEGORISE BETWEEN FINDINGS AFFECTING AND NOT AFFECTING THE AUDIT OPINION)

The total number of AGSA findings is 9. These comprise 6 findings that affect audit opinion and 3 findings that are classified as other matters. For quarter 4, JOSHCO had **all 9 findings with overdue implementation dates** and all the 9 were followed up by Internal Audit. It was noted that 33% (3/9) of findings were resolved and 67% (6/9) were not resolved. The table below shows the classification of findings by AGSA and the number of resolved and unresolved findings.

**Table 53: Audit findings raised by AGSA in the 2020/2021 Financial Year:**

| AG Classification                       | Total Findings | Resolved | Not Resolved |
|---|----------------|----------|--------------|
| Matters affecting the auditor's opinion | 6              | 3        | 3            |
| Other important matters                 | 3              | 0        | 3            |
| Administrative matters                  | 0              | 0        | 0            |
| <b>Total</b>                            | <b>9</b>       | <b>3</b> | <b>6</b>     |
| %                                       | 100%           | 33%      | 67%          |

#### SECTION 5: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS)

In the fourth quarter of the 2021/2022 financial year, Internal Audit completed three (3) full audits, seventeen (17) 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 **Inadequate and Ineffective**. Internal Audit has noted improvement in some of the departments in terms of implementing auditors' recommendations. However, the level of control environment is not at a satisfactory level. Management should ensure that controls are adequately designed and monitored, this will provide reasonable assurance that set organisational objectives are achieved.