

MID-YEAR PERFORMANCE REPORT FOR THE  
2019/20  
FINANCIAL YEAR

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LTD



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

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

**COMPANY INFORMATION:**

Registration number : 2003/008063/07

Registered Address : 66 JUTA STREET  
Braamfontein

Postal Address : TBC

Telephone number : (011) 406-7300

Fax number : 086 240 6691

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 that contributes to the City that works".

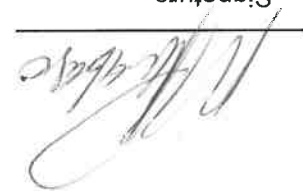
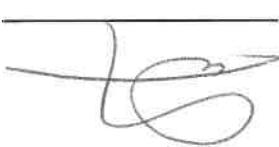
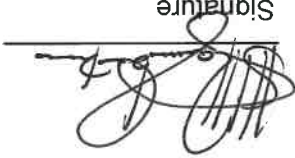
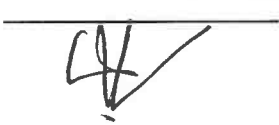
**Purpose**

"Building places where People love to Live".

**Mission**

"JOSHCO will design and build quality, resource efficient, economically sustainable and affordable housing products, which are close to transport nodes and which address the needs of the community and the environment in Johannesburg, with a strong emphasis on effective management and customer-focused service delivery".

**Approval:**

<p>Date of Approval: <u>23/01/2020</u></p>	<p>MMC Name &amp; Surname <u>Mhmasi Mphahle</u> Signature </p>
<p>Date of Approval: <u>23/01/2020</u></p>	<p>Chairperson of the Board Name &amp; Surname <u>James Mngweni</u> Signature </p>
<p>Date of Approval: <u>23/01/2020</u></p>	<p>Chief Executive Officer Name &amp; Surname <u>Victor Kambou</u> Signature </p>
<p>Date of Approval: <u>23/01/2020</u></p>	<p>Chief Financial Officer Name &amp; Surname <u>Ndimande Nontobeko</u> Signature </p>

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SECTION 1: CHAIRPERSON'S FOREWORD

JOSHCO continues to provide solution for the housing challenges that the city of Johannesburg is faced with through provision of affordable rental houses and social housing units. Poor location of housing projects remains one of the top challenges/gap that JOSHCO aims to fill by providing housing projects that are geographically better located i.e. closer to economic activities.

As the Board we have noted again the overall under performance trend over the first two quarters of the financial year. The reported performance of JOSHCO for the first quarter and second quarter remained stagnant in that only of seven (7) of the (19) quarterly targets were achieved in both quarters.



The Board remain confident that the company will turn around its performance through implementation of sustainable strategies on key performance areas. The Board will utilize its subcommittees to interrogate the strategies that management have put in place to ensure that are effective and improves performance. As a Board, with appropriately diverse skill-sets and depth of corporate experience befitting the task, we intend to support management through providing pragmatic strategic guidance.

From a governance perspective, as the chairperson of the Board, I would like to welcome the new administration in the City of Johannesburg that came into government in December 2019. JOSHCO Board will continue to operate under agreement/resolutions that it has with the City of Johannesburg as the sole shareholder of the company.

**Mr Tumelo Mlangeni**

**Chairperson: Board of Director**





The growth in demand of accommodation in economic hubs within the city continues to pose a challenge to state entities/departments that are responsible for provision of housing, as such JOSHCO finds itself with a critical role to play in resolving some of these challenges that are facing the City of Johannesburg. JOSHCO has on its books approximately 8000 units that are under its management, however the challenge remains in that there is a high demand of social housing closer to economic hubs which JOSHCO as one of the biggest social housing institution in the country is planning to respond to such.

**Key Milestones**

JOSHCO has (19) annual target in its 2019/20 business plan that were set in a structured manner to respond to key areas that are critical to the delivery of social housing. However, given current challenges within the organization JOSHCO out of nineteen (19) targets only achieved seventeen (17). Of the 17, 7 was 100% achieved and 10 were partially achieved translating to the overall performance of 37%. Important to note that if KPIs that are partially achieved were included in the overall performance JOSHCO would have achieved 89% on its performance.

What continues to be of concern to JOSHCO as an entity is the low level of rent collection that is exacerbated by economic challenges that its tenants have experienced part of which is a rise in unemployment due to retrenchment that was experienced in the country during the second part of the year.

As part of our economic empowerment contribution, JOSHCO continues to support small and medium enterprises through its BBBEE program. During the second quarter, 34% of the Capex budget was spent on companies that are at least 51% black people owned. A direct outcome of this Capex spent was a creation of 420 temporary jobs through the EPWP program.

As part of its strategy to respond to the second quarter performance challenges JOSHCO has identified different revenue streams that it intends to implement and accelerate during the last half of the FY. The strategies include student accommodation that will be included as part of JOSHCO business segments

and in addition the advertisement platform within the City particularly on properties that are owned by JOSHCO has been identified as another means of contributing towards revenue generation and ensuring that the organisation is self-sustainable.

**Mr Victor Rambau**  
**Chief Executive Officer**



## SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT



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

### Revenue Collection Report

JOSHCO's revenue collection target for the 2019/20 financial year is 100% of billing. Collections for the second quarter is 71%. The collection levels have declined when comparing to the same period in the previous financial year.

The main contributors to the revenue collection challenge that was facing JOSHCO includes poor enforcement of debt collection (delayed Court orders for legal evictions), an increase in aged debt, which refers to debts older than ninety days, a high level of indigents, non-existing succession plan for tenants who goes on pension or passed on which leads to child headed units and an increasing rate of unemployment.

Limited access to the projects due to unrest and campaigns by the organized group of tenants, ever

since the sheriff started serving summons to those tenants that were handed over to legal for evictions, has also influenced the drop in performance in revenue collections, which forced JOSHCO to apply for court interdicts against the perpetrators of the disorders and interference with enforcement of the collection process on site. Despite these challenges, we are continuing with legal referrals and handovers for salary attachments, attachment of household goods during evictions and as well as recovery of the outstanding debt. As a result of the decline, management is undertaking a weekly revenue meeting using a dashboard to track progress and address challenges in revenue collection.

### Financial Performance

Revenue and expenditure are recorded on the accrual basis and resulted in a preliminary deficit of R23.3 million. The deficit is as a result of a decrease in total budgeted revenue of 5% and a number of expense line items being over budget as detailed below.

### Quarter 2 results

JOSHCO's rental facilities contributed 76% towards total revenue. Revenue from rentals is behind budget by R7.5 million (9%). This is mainly due to slow allocation of units in various projects and projects that were budgeted for which have not yet been tenanted. A budget adjustment request has been submitted to adjust for units not handed over for management and were previously in the budget.

## Expenditure

### a) Governance and Staff costs

- 17% above budget (R5.3 million) due to the unbudgeted settlement reached with former Fixed Term Contracts employees following a bargaining council claim and insourcing of cleaners and gardeners.

### b) Other project related costs

- 176% over budget (R10.5 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts.

### c) Repairs and Maintenance

- 20% below budget (R2.9 million) due to only critical maintenance that affect the structure being done as many of our tenants are in arrears.

### d) Cleaning and gardening

- 26% below budget (R2.1 million) due to savings as a result of insourcing.

### e) Security

- 10% below budget (R1.2 million) due to savings as a result of insourcing.

### f) Administrative

- 34% above budget (R8.9 million) due to higher than budgeted utility costs, an increase in legal costs in pursuit of eviction orders. There were also unbudgeted costs incurred for security services consulting to assist with setting up the security function as a result of insourcing.

### CAPEX Expenditure

CAPEX spend is directed towards the development, renovation and upgrade of Col and JOSHCO's properties that are to be leased as housing units. JOSHCO has been allocated a CAPEX budget of R405.7 Million for the financial year ended 30 June 2020. As at 31 December 2019, the verified spent is 30% against a target of 30%.

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

**SECTION 4: SALIENT FEATURES**

The organisation has twelve (12) Key Performance Targets (KPI's) that were not achieved during the second quarter of the 2019/20 financial year. It is important to note that most of the KPIs that are underachieved are above 50%. Table 1 below presents performance information relating to the KPIs underachieved and mitigation actions to improve going forward.

**Table 1: Variance Report as at 31 December 2019**

#	Total target for the year 2019/20	Q2 Target	Q2 Actual	Variance	Mitigation Actions
1	Current Ratio: 1.0:1	1.0:1	0.87:1	-0,13	<ul style="list-style-type: none"> <li>Assets under JOSHCO's name to be transferred before the end of Q3.</li> <li>Revenue improvement by diversification (Outdoor advertising and student accommodation).</li> <li>Reduction of utility costs by implementing a prepaid metering system.</li> </ul>
2	Solvency Ratio 1.0:1	1.0:1	0.94:1	-0.06	
3	100% Collection of debtors in respect of rentals	100% Collection of debtors in respect of rentals	71%	-29%	Resumption of weekly revenue drives (door-to-door consultations) at the projects. Intervention from community leaders as tenants have refused access to JOSHCO staff in order to conduct revenue drives.

#	Total target for the year 2019/20	Q2 Target	Q2 Actual	Variance	Mitigation Actions
4	Remuneration to Operational expenditure (OPEX) up to 30%	Remuneration to OPEX expenditure up to 30%	31%	-1%	A mid-year deviation has been submitted to the City to request approval of the adjustment to the KPI to 35%.
5	10% collection of historical debt	2.5% collection of historical debt	0.9%	-1.6%	A debt collection company to be appointed to collect historical debt.
6	100% of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	99%	-1%	Engagements with departments to ensure that invoices reach Finance on time in order to process them within 30 days.
7	100% Implementation of corrective action against identified risks.	100% Implementation of corrective action against identified risks.	61%	-39%	The risk controls which have not been implemented will be focused in the 3 <sup>rd</sup> quarter and will form part of monthly reporting to ensure that the control environment is improved
8	100% Implementation of corrective action against audit findings.	100% Implementation of corrective action against audit findings	29%	-71%	The reported actual performance is on findings that were verified by Internal Audit. The challenge is that JOSHCO's internal audit is outsourced and follow up on closure of findings is only done when internal audit conducts its audit as per the audit plan. This leaves a number of findings that management has closed not verified by the end of the quarter. As it stand

#	Total target for the year 2019/20	Q2 Target	Q2 Actual	Variance	Mitigation Actions
9	100% Monitoring of Compliance to laws and regulations	100% Monitoring of laws and regulations	81%	-19%	<p>management has reported to have closed approximately 100 internal audit findings and IA only managed to verify three areas (Performance information, housing Management and Revenue Management.</p> <p>JOSHCO is looking to appoint a permanent Compliance Officer in the year to June 2020. The appointment will ensure a proper focus to the compliance reviews and robust follow-ups of non-compliance.</p>
10	30% Of Capex spent on SMMEs.	30% Of Capex spent on SMME	22%	-8%	<p>CAPEX includes both professional fees and construction on various projects and where JOSHCO has spent on professionals, there is no SMME contribution made. Where procurement was concluded in Q2, CAPEX was spent on professionals and site establishment that do not contribute to SMMEs. It is planned that the</p>

#	Total target for the year 2019/20	Q2 Target	Q2 Actual	Variance	Mitigation Actions
11	100% implementation of ICT Action Plan	50% implementation of ICT Action Plan	30%	-20%	ICT department continued to experience operational challenges however a comprehensive risk assessment has been conducted which has provided direction to the mitigation of current challenges. The ICT Manager position has been advertised and appointment will be finalised in the 3 <sup>rd</sup> quarter
12	100% implementation of the HR strategy	50% implementation of the HR strategy	40%	-10%	The KPI was affected by an LLF meeting that was not held and new employees contracts not finalised. All contracts are envisaged to be finalised by end of January. LLF meetings will be scheduled well in advance and the responsible manager will ensure that are held.
					performance will be enhanced in the future quarters of the financial year, as these projects will be progressing.



## SECTION 5: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



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

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

## SECTION 6: STRATEGIC OBJECTIVES

1. Contribute towards economic development through SME empowerment.
2. Increase social housing projects within the transport nodes.
3. Increase the number of social housing projects in the Inner City
4. Improve customer satisfaction
5. Enhance financial sustainability.



- 6. Cost efficiency in housing development and housing management
- 7. Improve ICT infrastructure and governance
- 8. Improve safety and security of tenants in all JOSHCO projects
- 9. Improve the control environment (policies, internal systems).
- 10. Inculcate a culture that fosters and encourage staff discipline and performance.
- 11. Improved service level standards

**SECTION 7: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY**

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

**SECTION 8: SUSTAINABILITY REPORT**

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

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

JOSHCO remains focus in its position of contributing towards the City's key priority of "promotion of economic development and attract investment towards achieving a 5% economic growth that reduces unemployment". JOSHCO's contribution towards the EPWP City programme undertakes to reduce unemployment and facilitate socio economic development of the Citizen of Johannesburg. JOSHCO has created 420 jobs from various projects through EPWP programme during the first half of the financial year. The entity continued to support SMMEs and local labour through allocation of 30% of CAPEX contracts.

**SECTION 1: BOARD OF DIRECTORS**

The Board of Directors is presided over by a Non-Executive Director (Chairperson).

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

**Table 2: Board Composition was as follows as at 31 December 2019**

Member	Capacity: Executive / Non-Executive	Race	Gender	Skills
Mr T Mlangeni (Board Chairperson)	NED	A	M	Human Capital Management and Industrial Relations.
Mr T Motloung	NED	A	M	Banking, Business Leadership, Strategy Development.
Mr T Makofane	NED	A	M	Construction Management, Advanced Project Management and Development
Prof K Wall	NED	W	M	Engineering, Science and Technology
Mr K Mohuba	NED	A	M	Business Management, Governance, Public Relations and Marketing
Dr D Thwala	NED	A	M	Construction and Project Management
Mr T Bolani	NED	A	M	Public Management, Business Information Systems and Customer Relations
Mr N Tshindane	NED	A	M	Sales and Marketing
Mr M Kubayi	NED	A	M	Legal, and Attorney of the High Court South Africa
Victor Rambau	Chief Executive Officer	A	M	Manufacturing, Banking, Mining and Construction, Strategy and Business Process Improvement
Ms N Ndimande	Chief Financial Officer	A	F	CA (SA)

### 1.1 BOARD AND COMMITTEE MEETINGS ATTENDANCES

During the period under review, the Board and its Committees held its ordinary meetings in October 2019. Furthermore, the Board held 2 special meetings. The Audit & Risk Committee held 1 special meeting and 1 Ordinary meeting. The cumulative number of meetings held in the second quarter are 3 for the Board, 1 for Development, 1 Social, Ethics & HR Committee and 2 for Audit & Risk Committee. Important to note that one of the Board meeting was an unpaid meeting. The below table depicts details of attendance of members in various meetings.

Table 3: Board and Committee Meetings Attendances as at 31 December 2019

Board of Director	Number of Meetings				
	Attendance	Absent	Apologies	Attendance	Apologies
Mr Tumelo Mlangeni	5	-	-	-	-
Prof K Wall	5	-	-	-	-
Dr D W Thwala	5	-	-	-	-
Mr N Tshindane	5	-	-	-	-
Mr Thabo Motloung	5	-	-	-	-
Ms Nontobeko Ndimande	5	-	-	-	-
Mr T Bolani	5	-	-	-	-
Mr M Khubayi	5	-	-	-	-
Mr T Makofane	5	-	-	-	-
Mr K Mohuba	5	-	-	-	-
Mr V Rambau	5	-	-	-	-
<b>Board</b>					
Development	Attendance	5	-	-	-
	Absent	-	-	-	-
	Apologies	-	-	-	-
	Attendance	2	-	-	-
	Apologies	-	-	-	-
Social and Ethics	Attendance	-	-	-	-
	Absent	-	-	-	-
	Apologies	-	-	-	-
	Attendance	2	-	-	-
	Apologies	-	-	-	-

Table 4: Audit & Risk Committee Meetings Attendances as at 31 December 2019

Names of Audit Committee Members	Number of Meetings		
	Attendance	Absent	Apologies
Audit and Risk Committee	4	-	-
T Motloung (Chairperson)	4	-	-
Robert Hill	3	0	1
Lesiba Makape	3	1	0
Lindani Mabuza	4	-	-

- 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 wrong doing 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

includes: -

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

Mr. T Motloung	Non- Executive Director (Chairperson)
Mr. R Hill	Independent Audit Committee Member
Mr. L Mabuza	Independent Audit Committee Member
Mr. L Makape	Independent Audit Committee Member

The Committee consist of the following members: -

Management Act, Act 56 of 2003.

The Audit & Risk Committee's composition is compliant with the Local Government: Municipal Finance

### 1.2.1 Audit & Risk Committee

56 of 2003.

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

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

Executive Director.

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

### 1.2 BOARD COMMITTEES

- and provide to the Board of Directors an authoritative and credible view of the performance of the company.
  - Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
  - Oversee that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the Company;
  - Ensure that risk management assessments are performed on a continuous basis;
  - Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
  - Express a formal opinion on the effectiveness of the system and process of risk management; and
  - Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- The Committee consists of the following members: -

Mr. M Khubayi	Non-Executive Director (Chairperson)
Mr. T Makorane	Non-Executive Director
Dr. T Thwala	Non-Executive Director
Mr. T Bolani	Non-Executive Director

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

- The mandate of the Committee is set out in its terms of reference and inter alia includes the following:
- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company;
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration levels;
- 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



Name	Designation	Remuneration
Mr Tumelo Mlangeni	Board Chairperson	R88 000.00
Prof Kevin Wall***	Non-Executive Director	R84 000.00
Prof Didihibuku Thwala	Non-Executive Director	R60 000.00
Mr Nyambeleni Tshindane***	Non-Executive Director	R96 000.00
Mr Thabo Motloung**	Non-Executive Director	R136 000.00
Mr Mzamani Khubayi	Non-Executive Director	R64 000.00
Mr Kgalema Mohuba***	Non-Executive Director	R84 000.00

**Table 5: Board of Directors Remuneration as at 31 December 2019**

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

### 1.3 DIRECTORS AND PRESCRIBED OFFICER'S REMUNERATION

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.

Mr N Tshindane	Non-Executive Director (Chairperson)
Prof K Wall	Non-Executive Director
Mr K Mohuba	Non-Executive Director
Mr T Makofane	Non-Executive Director

The Committee consists of the following members: -

#### 1.2.3 Development Committee

- Make recommendations to the Board where necessary or take approved action within its 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.

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.

## SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE

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.

### 1.4 COMPANY SECRETARIAL FUNCTION

The Executive Management remuneration is reported cumulatively to reflect the total cost for the financial year to date.

Name	Designation	Remuneration
Mr Victor Rambau	Chief Executive Officer	R 985 570.32
Ms Nontobeko Ndlimande	Chief Financial Officer	R 719 457.00
Ms Patt Mazibuko	EM: Housing Management	R 709 961.34
Ms Livhanyi Nemaungani	EM: Strategy and Planning	R 692 843.28
Ms Nkululeko Magubane	EM: Housing Development	R 691 994.88
Ms Kedumetsi Mokhampanyane	EM: Corporate Services	R 692 843.28
Ms Xolisile Njapha	Company Secretary	R 396 902.70
<b>Total</b>		<b>R 4 889 572.80</b>

Table 7: Executive Management Remuneration as at 31 December 2019

Name	Designation	Remuneration
Mr Robert Hill	Independent Member	R18 000.00
Mr Patrick Makape	Independent Member	R0.00
Mr Lindani Mabuza	Independent Member	R24 000.00
<b>Total</b>		<b>R42 000.00</b>

Table 6: Independent Audit Members Remuneration as at 31 December 2019

NB: \*\*Member fees included attendance of Group Audit and Group Risk Committee  
 \*\*\*Fees includes special meetings held by Development Committee in June 2019 to monitor CAPEX and were paid in the 1st quarter.

Name	Designation	Remuneration
Mr Thami Bolani	Non-Executive Director	R60 000.00
Mr Tumisho Makofane***	Non-Executive Director	R90 000.00
<b>Total</b>		<b>R762 000.00</b>



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

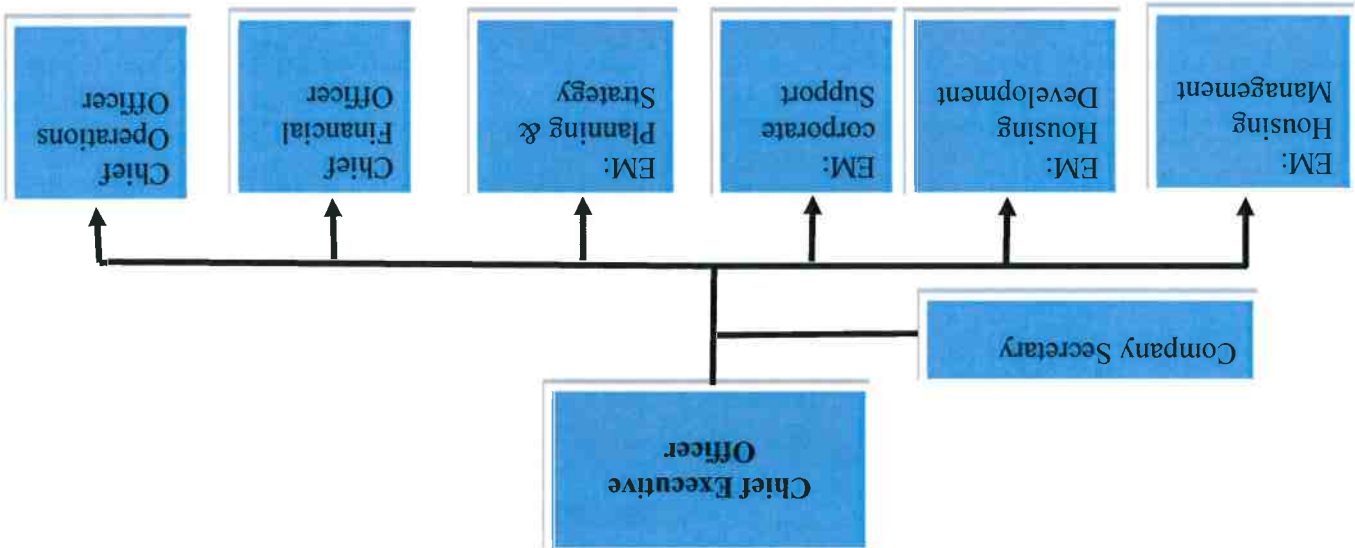


Figure 1: High level structure

### SECTION 3: RISK MANAGEMENT

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

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

### 3.1 RISK ESCALATION METHODOLOGY

The risk framework provides guidance on which risks should be escalated to the various governance Committees within JOSHC. 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

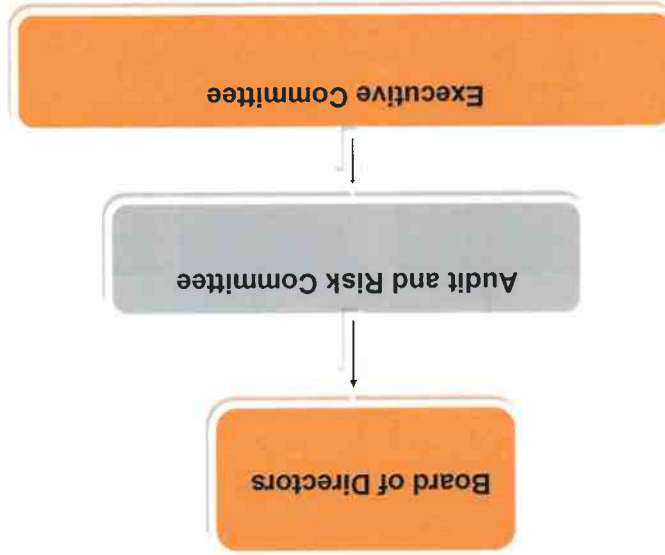


Figure 2: Risk ARCHITECTURE

### 3.3 JOSHCOS TOP 5 RISKS:

- Inability to collect targeted revenue from tenants;
- Non-compliance to GRAP 17;
- Inadequate capital budget allocation by the City resulting to JOSHCO not being able to meet its business plan target of providing affordable rental and Social Housing;
- Non-compliance to relevant regulatory and policy requirements;
- Not meeting service delivery standards.

### 3.4 EMERGING RISKS AND OTHER RISK INFORMATION

In the previous quarter, property vandalism was identified as emerging and closely monitored towards the end of the first half of the financial year. As at 31 December 2019 the organisation did not experience an instance of rental stock vandalism however management remains vigilant as the organisation prepares to launch the Dobsonville project in the third quarter. All risk financing premiums have been settled with the City to ensure that, in an instance where the risk emerges, the City's insurance can respond.

### 3.5 STRATEGIC RISK STATUS

#### 3.5.1 Progress in the Implementation of Mitigating Controls as at 31 December 2019

The table below lists the risks as reflected in the strategic risk register in which their mitigation actions

are due for reporting as at 31 December 2019: -

**Legends**

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

**Table 8: Progress of the Implementation of Risk Controls as at 31 December 2019**

Risk Description	Mitigating controls identified to address the risks	Progress on the implementation of mitigating controls as at 31 December 2019	Status
1 Inability to collect targeted revenue from tenants.	<ul style="list-style-type: none"> <li>• Continue to send letters of demand and final letters to tenants to enforce the revenue policy and to attain rental payment.</li> </ul>	<ul style="list-style-type: none"> <li>• Letters were sent out on a monthly basis to tenants in arrears for a reminder of the settlement of rental debt.</li> </ul>	3/5
	<ul style="list-style-type: none"> <li>• Continue to measure revenue received to ensure that, the quarterly revenue target is achieved.</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue collection was monitored in the quarter which resulted in 71% collection against a target of 100%. The 71% was mainly influenced by delays in Court orders for legal evictions and an increase in aged debt of more than ninety days.</li> </ul>	
	<ul style="list-style-type: none"> <li>• Targeted evictions and attached eviction orders</li> </ul>	<ul style="list-style-type: none"> <li>• 143 legal handovers were undertaken and of the 143, 102 are evictions and 41 are salary attachment 8 Court orders were attained and only 1 order has been executed through voluntary surrender</li> </ul>	
	<ul style="list-style-type: none"> <li>• Market diversification to avoid unprofitable markets.</li> </ul>	<ul style="list-style-type: none"> <li>• The assessment has started to identify non-viable projects and the student accommodation policy is awaiting council approval prior to diversification from normal rentals to include student accommodation as part of JOSHCO market.</li> </ul>	
	<ul style="list-style-type: none"> <li>• Continue to undertake revenue drives on a quarterly basis in respect of rental defaults.</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue drives could not be undertaken in the current quarter due to attacks on JOSHCO staff.</li> </ul>	
2. Non-compliance to GRAP 17.	<ul style="list-style-type: none"> <li>• Engage the City to change the arrangements with regards to assets and the bank account to strengthen JOSHCO balance</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting was held with the City's Group CFO and an agreement was reached that all title deeds currently in JOSHCO's name will be disclosed</li> </ul>	

Status	Progress on the implementation of mitigating controls as at 31 December 2019	Mitigating controls identified to address the risks	Risk Description
1/2	<ul style="list-style-type: none"> <li>The GRAP Committee will be established in the third quarter as a result that the external audit needed to be finalised.</li> <li>in JOSHCO's books from the third quarter of the current financial year</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of the GRAP Committee to assess and monitor compliance to all GRAP standards applicable to JOSHCO.</li> </ul>	
1/1	<ul style="list-style-type: none"> <li>A budget adjustment report was submitted to the City to seek approval for the adjustment of the number of units to be delivered (from 894 to 520) as a result of delays in the conclusion of the procurement and contracting process. Furthermore, approval is also sought for the utilisation of the SHRA funding for new projects and projects which are on completion stages.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to submit a budget adjustment report to the City in request for additional capital budget in order to achieve targeted number of units per financial year.</li> </ul>	<p>3. Inadequate capital budget allocation by the City resulting to JOSHCO not being able to meet its business plan target of providing affordable rental and Social Housing</p>
1/2	<ul style="list-style-type: none"> <li>A total of twenty-six (26) pieces of legislation/ Acts were assessed in the second quarter and a compliance level of 81.4% was achieved against a target of 100%</li> <li>The compliance audit is currently underway and it is envisaged that Internal Audit will have the final report by end of January 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor levels of organisational compliance to regulatory through quarterly assessment to ensure that the quarterly compliance target is achieved.</li> <li>Internal Audit will conduct the compliance review as part of the audit plan engagement for the 2019/2020 financial year.</li> </ul>	<p>4. Non-compliance to relevant regulatory and policy requirements.</p>
1/1	<ul style="list-style-type: none"> <li>The service level standards were achieved for the quarter and were as follows:                             <ul style="list-style-type: none"> <li>[1] 5 out of 7 days to Communicate decision for processing of rental applications was achieved in 5 days against the target of 7 days.</li> <li>[2] 97% out of 96% target to process requests for Repairs &amp; Maintenance within 7 working days.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor service level standards achievement monthly to ensure that the City target is achieved.</li> </ul>	<p>5. Not meeting service delivery standards.</p>
3/3	<ul style="list-style-type: none"> <li>Burglar bars installed in communal areas in Chelsea where safety-incident occurred. Subject to CAPEX budget allocation, burglar bars will be installed in Tenants' units prone to building's safety hazards.</li> <li>A Committee meeting was held 17 December and part of the discussions were around security at</li> </ul>	<ul style="list-style-type: none"> <li>Plan for installation of buglers in existing ( one project in the current financial year) and new projects</li> <li>OHS Committee to hold meetings on a quarterly basis to address</li> </ul>	<p>6. Non adherence to Health and Safety requirements.</p>

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

**SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION**

Based on the above, the total percentage of actions implemented to mitigate the risks in the first quarter is 61% against a target of 100% which is a 30% regression from the previous quarter. Management remains committed to dealing with the risks facing the organisation in an effective and diligent manner to ensure that risks are well managed and remain within tolerance levels.

Risk Description	Mitigating controls identified to address the risks	Progress on the implementation of mitigating controls as at 31 December 2019	Status
7. Escalation cost in the projects resulting to excess construction fees.	<ul style="list-style-type: none"> <li>Standard unit design for 1 and 2 bedroom, will be submitted to the Board for consideration and approval.</li> <li>PMO office to be established in the Office of the CEO.</li> </ul>	<ul style="list-style-type: none"> <li>A project manager has been appointed and has resumed work in December 2019.</li> </ul>	1/2
8. Lack of adequate stakeholder engagement.	<ul style="list-style-type: none"> <li>Appointment of a Manager in the office of the CEO to assist in the management of stakeholder relations.</li> </ul>	<ul style="list-style-type: none"> <li>As at the end of the quarter, the stakeholder manager had not been appointed. It is envisaged that, such appointment will be made prior to the end of the third quarter.</li> </ul>	0/1
9. Lack of adherence to our core values.	<ul style="list-style-type: none"> <li>Continue to emphasise core values during CEO connect as part of creating an ethical organisational culture.</li> </ul>	<ul style="list-style-type: none"> <li>The CEO connect sessions were not undertaken in the quarter under review as a result of the CEO attending to Auditor-General and City meetings such as budget lekgotla and have been planned for the third quarter.</li> </ul>	0/1



- Implement Electronic Document Management System;
- Implement Dashboard Solution to track the real-time performance;
- Provision of adequate ICT services at JOSHCO projects;
- Developing JOSHCO Website;
- Implement Electronic Statements for Tenants;
- Implementation of effective COBIT Governance Framework;

The required projects are as follows:

that the ICT department is required to implement at JOSHCO.

In order to achieve this objective, an ICT annual action plan is in place that includes the major projects

- Improve ICT infrastructure and governance.

governance as detailed in the table below:

As part of JOSHCO's Business Plan Scorecard for the 2019/2020 Financial Year, JOSHCO ICT is responsible for the following objective which relates to the improvement of the ICT infrastructure and

### JOSHCO ICT KPI

achieving its strategic objectives”:

ICT governance is about ensuring that the organisation's IT systems support and enable the achievement of the organisation's strategies and objectives. 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

### SECTION 6: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE

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.

### SECTION 5: MANAGEMENT OF POTENTIAL CONFLICTS OF INTERESTS

The City has provided JOSHCO with a fraud register that contains cases that were reported in the second quarter. During the quarter only 1 case of fraud and corruption was reported through the City's hotline and SMS line. Out of 15 cases that were reported, 4 are reported as closed, 2 referred to Group Risk Assurance Services and 9 are still under investigations.

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

hotline or the SMS (whistle blowers).

KPI	Q2 Target	Q2 Achieved	Variance	Mitigation Action
Implement Electronic Document Management System to all departments required	3.5%	3.5%	0	None
Implement Performance Dashboard Solution.	3.5%	3.5%	0	None
Training and implementation of ISO controls.	3.5%	3.5%	0	None
Implement Information Security Policy in JOSHCO requirements	3.5%	0	-3.5%	The security requirements will be implemented once the ICT policies and procedures are approved. The implementation will be done in the 3 <sup>rd</sup> quarter

Table 9: ICT activities for the quarter ended 31 December 2019

Each of these projects have multiple action items that are required to be implemented in order to achieve the goals set out in the IT Strategy and Action Plan. The detailed performance against the quarterly target is in the table below.

- Implementation of ISO 27001 Information Security Framework;
- Hosted Data Storage Solutions;
- Implement Virtual Private Network remote access for JOSHCO employees to key systems and network shared resources;
- JOSHCO IT infrastructure and Technology assessment for the CoJ SAP implementation project
- IT Asset and Service Management, System provides enterprise wide inventory and life cycle management of software and hardware assets. This can include asset maintenance history, user permissions, acquisition budget forecasting, and software license compliance;
- Implement Effective Disaster Recovery Site and Solution and;
- Site Office Infrastructure, high speed fibre internet connectivity at the remote sites to replace existing problematic 3g connection.



The above performance presents a quarterly achievement of 19% against the target of 25% and a cumulative actual performance of 30% against the mid-year target of 50%

**SECTION 7: COMPLIANCE WITH LAWS AND REGULATIONS**

Compliance monitoring and assessment forms part of the organisation's combined assurance process which is a process that provides management and the Board with reasonable assurance about the organisation's commitment to a sound regulatory environment. A total of twenty six (26) pieces of legislation/ Acts were assessed against a total of 27 acts the quarter. The assessment was conducted based on information received from the different departments and as the 31 December 2019, JOSHCO was 81% compliant to the assessed laws and regulations against the target of 100%.

KPI	Q2 Target	Q2 Achieved	Variance	Mitigation Action
Hosted Data Storage Solutions.	3.5%	0	-3.5%	ICT department is currently quantifying the costs of cloud computing compared to on premises hosting and a solution will be implemented in the 3 <sup>rd</sup> quarter.
Implement network monitoring system.	3.5%	3.5%	0	None
Implement Electronic Statements for Tenants	3.5%	3.5%	0	None
Implement Effective Disaster Recovery Site and Solution	3.5%	0	-3.5%	A disaster recovery server is in functional at disaster recovery site however a business continuity site still needs to be identified by management so that the IT department can implement IT infrastructure.

Table 10: Acts below 100% compliant as at 31 December 2019

Mitigation Action	Comments	Act Name
	<p>The variance relates to the absence of a manual pertaining to the Services department (Marketing and Communications) commence with the structure and functions of JOSHCO, a designated Information Officer development of the manual once a and an index of records held by JOSHCO will, through the Corporate Services department (Marketing and Communications) commence with the development of the manual once a budget is made available.</p>	<p>1. Protection of Personal Information Act, No. 4 of 2013</p> <p>71.4%</p>
	<p>The variance relates to the absence of a manual addressing the requirements of the Act, the failure to conduct a personal information manual will be developed and will also impact assessment to ensure that all relevant sections are adequate measures and standards exist in order to comply with the conditions for the lawful processing of personal information.</p>	<p>2. Protection of Personal Information Act, No. 4 of 2013.</p> <p>82.9%</p>

<p>4. Local Government Municipal Finance Management Act, No. 56 of 2003</p>	<p>98.6%</p>	<p>The variance relates to non-compliance due to the absence of a new Supply Chain Manager will commence employment on the 6th of January 2020.</p>	
<p>3. Rental Housing Act, No. 50 of 1999.</p>	<p>96.2%</p>	<p>The variance relates to the JOSHCO, through the Housing Management department will embark on a process of regularising occupying tenants in line with approved policies. JOSHCO's consent. JOSHCO, on a process of regularising occupying tenants through the Housing Management department will embark on a process of regularising occupying tenants in line with approved policies. The process will be continued until all JOSHCO units are submitted for Board's consideration occupied only by lawful tenants. on the 14th January 2020. The process will continue until all JOSHCO units are occupied only by lawful tenants.</p>	

**CHAPTER THREE: SERVICE DELIVERY PERFORMANCE**

**SECTION 1: RESPONSE TO STRATEGIC DIRECTION**

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

Priorities:

**Tables 11: Strategic objectives alignment**

STRATEGIC OUTCOME	JOSHCO STRATEGIC OBJECTIVE	STRATEGIC PRIORITIES	IDP OUTCOMES
<ul style="list-style-type: none"> <li>• 2500 labour intensive jobs created through the EPWP programme.</li> <li>• At least 30% of Capital budget to be spent on companies owned by designated groups.</li> <li>• 1% of contract value will be spent on training and development.</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute towards economic development through SME empowerment.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote economic growth development and attract investment towards achieving 5% economic growth that reduces unemployment</li> </ul>	<p>1. A growing, diverse and competitive economy that creates jobs</p>
<ul style="list-style-type: none"> <li>• The development of social housing projects that would eliminate social inequalities and spatial injustice.</li> <li>• An increase of land parcels and buildings through access through strategic partnership with JPC and HDA to FastTrack the acquisition of land and buildings.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase social housing projects within the transport nodes.</li> <li>• Increase the number of social housing projects in the Inner City</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress.</li> </ul>	<p>2. An inclusive society with enhanced quality of life that addresses through pro-poor development meaningful redress through pro-poor development</p>
		<ul style="list-style-type: none"> <li>• Preserve our resources for future generations.</li> </ul>	

<p>3. Enhanced, quality services and sustainable environmental practices</p> <p>Create a City that responds to the needs of Citizens, Customers, and Business</p> <p>Enhance our financial sustainability</p> <p>Encourage innovation and efficiency through SMART City programmes</p>	<p>Improve customer satisfaction</p> <p>• Enhance financial sustainability.</p> <p>• Cost efficiency in housing development and housing management</p> <p>Improve ICT infrastructure and governance</p>	<p>• Revenue maximisation.</p> <p>• Best practice housing management and housing development strategies.</p> <p>Smart technology programmes for the JOSHCO tenants</p>	<p>Achieving a customer satisfaction rating of 86%.</p>
<p>4. Caring, safe and secure communities</p> <p>Create an honest and transparent City that fights corruption</p> <p>Create a sense of security through improved public safety</p>	<p>Improve the control environment (policies, internal systems).</p> <p>Improve safety and security of tenants in all JOSHCO projects</p>	<p>• Reduction in crime at JOSHCO projects.</p> <p>• Reduction in anti-social behaviour.</p> <p>Implement a fraud prevention plan.</p> <p>• Public adjudication of tenders</p>	<p>4. Caring, safe and secure communities</p>
<p>5. An honest, transparent and responsive local government that prides itself on service excellence</p> <p>Create a culture of enhanced service delivery with pride</p> <p>Inculcate a culture that fosters and encourage staff discipline and performance.</p> <p>• Improved service level standards</p>	<p>Improve the control environment (policies, internal systems).</p> <p>Improve safety and security of tenants in all JOSHCO projects</p>	<p>• Revenue maximisation.</p> <p>• Best practice housing management and housing development strategies.</p> <p>Smart technology programmes for the JOSHCO tenants</p>	<p>Achieving a customer satisfaction rating of 86%.</p>

## SECTION 2: SERVICE HIGHLIGHTS AND ACHIEVEMENTS

Below are the key highlights of the second quarter

- Upon the launching of Dobsonville Social Housing Project's applications help desk, in Quarter 2 Housing Management proceeded with assessment of 2440 applications received with the following output:
  - 650 approvals out of 500 tenatable units
  - 247 out of 650 approved applicants paid deposits and 1-month rental and ready to be allocated units.
- Management established the Tenantry & Revenue Collections Dashboard from July 2019 that resulted in, amongst others, 100 additional Lease Agreements signed in October to December 2019, Increase in Units' occupancy to 7 605 out of 7 722 tenatable units in Q2, Increase in Tenancy/ occupancy rate from 92, 29% to 98, 45%, Verified number of JOSHCO units to be 8 044 with 7,722 tenatable.
- JOSHCO responded to a call for intervention by providing a T.E.A. using Phoenix House to 15 occupants relocated from a house with a sink hole in Jepestown. Matter was brought to JOSHCO's attention on the 13th December 2019 and alternative accommodation and registration were provided and conducted respectively within the same day. Temporary occupants will be entering into a short-term lease agreement with JOSHCO subject to review or extension.

## SECTION 3: SERVICE DELIVERY CHALLENGES

Below table provides key challenges that were encountered at projects level and identified remedial actions. The challenges negatively impact on revenue collection.

Table 12: Challenges

CHALLENGE	INTERVENTION/ MITIGATION
<ul style="list-style-type: none"> <li>▪ Culture of non-payment by JOSHCO's Tenants</li> </ul>	Management has engaged in a legal process for eviction and lock outs. Furthermore the entities continues with the revenue drives to encourage rental payments
<ul style="list-style-type: none"> <li>▪ Demand for ownership of JOSHCO's rented stock</li> </ul>	Matter has been taken up with Housing department with the aim of starting with the process of issuing title deeds where settlements agreements are paid up
<ul style="list-style-type: none"> <li>▪ Demand for job opportunities.</li> </ul>	Management has created EPWP opportunities that are targeting unemployed tenants.

**SECTION 4: CAPITAL PROJECTS PERFORMANCE**

**4.1 QUARTERLY PERFORMANCE**

In terms of the Council approved Business Plan, JOSHCO has a target of delivering 894 social housing units at the end of June 2020. Due to a number of delays experienced in finalising procurement and contracting stages of projects, there is a need for readjusting the approved targets. The table below seek to present the current and approved projects with progress on planned units yield and further present the proposed revision of units to be submitted to Council during mid-year review of the Business Performance Plan. The delays resulting into the proposed review of target are mainly attributed to procurement and contracting compliance which has been concluded in the quarter under review.

Table 13 presents the Inner-City projects. JOSHCO implements affordable rental through acquiring the existing buildings within the Inner City for refurbishment into habitable rental units. In total JOSHCO will deliver a total of 238 units within the Inner City at the end of June 2020.

**Table 13: Inner City Projects.**

PROJECT NAME	APPROVED	NO OF UNITS	PROPOSED	NO OF UNITS	Q1	Q2	Q3	Q4	ANNUAL TARGET
80 Plain Street	112	0	112	0	0	0	0	112	112
280 Smit Street	40	0	0	0	0	0	0	0	0
50 Durban Street	52	70	0	0	0	0	0	70	70
106 Claim Street	0	32	0	0	0	0	0	32	32
Selby Hostel	35	0	0	0	0	0	0	0	0
Chelsea Building	0	24	0	0	0	0	0	24	24
<b>TOTAL</b>	<b>239</b>	<b>238</b>	<b>0</b>	<b>238</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>238</b>	<b>238</b>

Table 14 provides an overview of activities that took place during the second quarter of the financial year 2019/2020.

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

NO	Period	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
1	Q 2 Actual	106 Claim Street	<p>The project will at completion yield 80 units.</p> <p>The project has a budget of R 10 million and it's anticipated to spend all the funds by end of June 2020. The project is scheduled to deliver 64 units during the current financial year. A total of 16 units were delivered in the past financial year.</p> <p><b>Current progress:</b></p> <ul style="list-style-type: none"> <li>• Installation of mechanical works on the project</li> <li>• Electrical installation (first and second fix).</li> <li>• Testing and commissioning of water heat-pump system.</li> <li>• Elevator installation.</li> </ul>



	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q3 Planned	50 Durban Street	<ol style="list-style-type: none"> <li>1. Finalization of elevator installation.</li> <li>2. Builder's work finishing on balance of the units</li> <li>3. Inspection and remedial works to finish.</li> <li>4. Snagging and di-snagging of the project.</li> <li>5. Inspections, testing &amp; commissioning.</li> </ol>
	Q2 Actual	50 Durban Street	<p>The project will at completion yield a total of 102 units. A total of 70 units will be delivered in financial year 2019/2020.</p> <p>The main contractor was meant to complete the project on the 31<sup>st</sup> August 2019. The extension of time claim has been presented to JOSHCO for consideration and was granted and the project is scheduled for completion at the end of March 2020.</p> <p><b>Current Progress:</b></p> <ul style="list-style-type: none"> <li>• The project is at 90% completion level.</li> <li>• Electrical installation.</li> <li>• Plumbing and mechanical works installation.</li> <li>• Elevator installation.</li> <li>• Builder's works completion.</li> </ul> <p>Completion date: March 2020</p>
3	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual	50 Durban Street	<p>Completion date: 28 February 2020.</p>
	Q3 Planned		<ul style="list-style-type: none"> <li>• Electrical, mechanical installation testing and commissioning.</li> <li>• Plumbing, plastering and paint work.</li> <li>• Completion of elevator installation and commissioning.</li> </ul>
4	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual		<p>Four Contractors were allocated from the Panel of Contractors of 2017/2018 and are on site.</p> <p><b>Status update:</b></p> <ul style="list-style-type: none"> <li>• Four Contractors were allocated from the Panel and are on site.</li> </ul>

6	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
Q2 Actual			<p>The project will be publicized for procurement purposes during the month January 2020 and a main Contractor is expected to be appointed in quarter 3 of the financial year, (March 2020).</p> <p><b>Current Progress:</b></p> <ul style="list-style-type: none"> <li>• Building Plan submitted to local authority for approval.</li> <li>• Tender documentation has been finalized and ready for procurement process to commence.</li> </ul>
Q3	Planned	38 Rissik Street	<ol style="list-style-type: none"> <li>1. Appointment of Professional team.</li> <li>2. Feasibility and preliminary design and costing.</li> </ol>
Q4	Planned		<ol style="list-style-type: none"> <li>1. Detailed design and costing.</li> <li>2. Procurement and documentation.</li> <li>3. Tender publication.</li> <li>4. Tender evaluation and appointment.</li> </ol>
Q 2 Actual			<p>This is an existing building acquired by JOSHCO in financial year 2015/2016. The building has a potential to yield +-300 units.</p> <p><b>Planned activities:</b></p> <p>No activities implemented on the project during the period under review, mainly due to lack of Professional team.</p> <p>Appointment of the Professional team for Feasibility study, detailed design, detailed costing and Documentation &amp; Procurement is schedule for quarter 3 of financial year 2019/2020.</p>
Q 3	Planned		
5	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
Q 3	Planned	16 Abel Street	<ol style="list-style-type: none"> <li>1. Builder's work on site.</li> <li>2. Plumbing and mechanical works.</li> <li>3. Electrification, Heritage site renovations.</li> </ol>
Q4	Planned		<ol style="list-style-type: none"> <li>1. Heritage site renovations finishes.</li> <li>2. Inspections and remedial works.</li> <li>3. Snagging and di-snagging of remedial works.</li> </ol>
			<ol style="list-style-type: none"> <li>1. Testing and commissioning of services.</li> <li>2. Final inspection and hand-over.</li> </ol>
			<p><b>Planned activities:</b></p> <p>Completion date: 30 June 2020</p> <ul style="list-style-type: none"> <li>• Painting, plumbing and engineering services installation.</li> <li>• Electrical installation underway on the west-wing of the property.</li> <li>• Show-house completed and approved by Employer in October 2019.</li> </ul>

8	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q 4 Planned	80 Plein Street	1. Inspections, remedial works, snagging and de-snagging. 2. Project hand-over.
	Q 3 Planned		7. Completion of external facade cladding. 8. Builders Work finishing. 9. Inspection and snagging of the project. 10. Testing and commissioning.
	Q2 Actual		<p>The project entails refurbishment of an existing office block into social housing rental accommodation in the City Centre of Johannesburg. In total the building consists of 344 units.  <b>Completion date:</b> 30 March 2020</p> <p><b>Current Progress:</b> A total of 236 units have been practically complete. The main Contractor is currently on site, progress to complete the balance of the units contractor has delivered 219 units last FY.</p> <p>The balance of the units will be completed in February 2020. An extension of time claim has been approved and the project will be completed on 17 May 2020. A budget of R 45 million has been re-allocated to the project.  <b>Completion date:</b> June 2020</p>
6	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q 4 Planned	280 Smit Street	6. Construction commencement. 5. Tender evaluation and appointment of service provider.
	Q3 Planned		1. Appointment of a new Professional team to take over the project. 2. Assess the implementation strategy for the project. 3. Tender document and procurement process implementation. 4. Main Contractor appointment.
			<p>JOSHCO initiated engagements with the owners of the building next door with a view of making an offer to purchase, so that the project may deliver more units.  <b>Completion date:</b> December 2021</p>

With regard to Greenfield projects, JOSHCO has an approved annual target of 655 units. Assessment conducted on the feasibility of delivering 655 unit with the allocated budget and current capacity resulted

9	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
Q2 Actual		Selby Hostel	<p>This is an in-situ project in one of JOSHCO tenanted projects (Selby Hostel). An opportunity to further develop additional 90 units was realized.</p> <p><b>Challenges:</b> The main challenge on the project is Town Planning matters still outstanding where the updated SG Diagram still has to be approved by the City Planning department of Col.</p> <p><b>Challenges:</b> The relocation of the tenants and vehicles squatting in the area identified for construction has been a challenge, but stakeholder engagement will continue once all approvals are in place.</p> <p>The new rates for this design change would have to be negotiated with the appointed main Contractor before commencement with the project.</p> <p>The SG Diagram was approved at the end of October 2019.</p> <ol style="list-style-type: none"> <li>Hand-over site to the main Contractor to commence with works on site.</li> <li>Stakeholder engagements with all affected parties on the project to ensure a smooth re-commencement of the project.</li> <li>Builder's Work progress.</li> <li>Builder's Work progress.</li> </ol>
Q3 Planned			
Q4 Planned			
Q2 Actual		Casa Mia	<p><b>Current status:</b> Project is currently terminated and on hold due to lack of Professional fees payment. Once the additional have been approved, JOSHCO needs to terminate the contract &amp; Prof services. The main challenge is that the variation order in favour of Professionals is exceeding the 20% threshold.</p> <p>Once the professionals additional funding is approved, they will then start with the Contractors final account determination. A new professional team will be appointed to do Design, costing and feasibility studies.</p> <ol style="list-style-type: none"> <li>Final Account establishment.</li> <li>Appointment of a Professional team to re-package the project for re-tendering purposes.</li> <li>Tender publication.</li> <li>Tenders evaluation and appointment of service provider to complete the project.</li> <li>Site hand-over and construction commencement.</li> </ol>

in management proposing a realistic target of 282 that will be tabled for Council approval during mid-year review.

Table below reflects the number of Greenfield projects and the number of units approved for delivery, with the proposed reduction. In total, JOSHCO will deliver a total of 282 units through its Greenfields projects at the end of June 2020.

**Table 15: Greenfields project**

PROJECT NAME	APPROVED NO OF UNITS	PROPOSED NO OF UNITS	Q1	Q2	Q3	Q4	ANNUAL TARGET
Golden Highway	120	70	0	0	0	70	70
Lutherheng Social	120	80	0	0	0	80	80
Nancefield Station	150	0	0	0	0	0	0
Rodeport Social	55	92	0	0	0	92	92
Randburg Social	60	40	0	0	0	40	40
Princess Plot	150	0	0	0	0	0	0
Selby Hostel	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>655</b>	<b>282</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>282</b>	<b>282</b>

Progress made during the second quarter on the various Greenfield projects and planned activities are reflected on the table below.

**Table 16: Greenfields Project Status Update**

NO	Period	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
1	Q 2 Actual	Golden Highway Social Housing	<p>The project will at completion yield 588 units once complete.</p> <p>Phase 1 of the project was completed in 2017/2018 financial year and is currently tenanted.</p> <p>Phase 2: of the project will yield 333 units once completed. The Development Agreement has been submitted to JOSHCO for signing by the Accounting Officer. The Developer is ready to commence with the project and site hand-over is anticipated to take place on week beginning 23 Sept 2019.</p> <p>The project is planned to deliver 60 units in June 2020. The balance of 273 unit to be delivered in 2020/2021 financial year.</p> <p><b>Current progress:</b></p> <ol style="list-style-type: none"> <li>1. Development Agreement submitted by the Developer, JOSHCO has been signed by both parties and site handed-over to the main Contractor.</li> <li>2. Site establishment done on site and engineering services setting-up underway.</li> <li>3. Site clearance and cart-away of accessing soil.</li> <li>4. Final engineering services installation on Portion 38 of the site.</li> </ol> <p><b>Completion date:</b> 30 November 2022.</p>

NO	Period	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q3 Planned		<ol style="list-style-type: none"> <li>1. Builder's Works progress.</li> <li>2. Finalization of property transfer.</li> <li>3. Finalization of Town Planning matters for the balance portion for phase 2.</li> <li>4. Currently the Developer is working on a portion of the site that will deliver 162 units.</li> </ol>
	Q4 Planned		<ol style="list-style-type: none"> <li>1. Builder's Works progress.</li> </ol>
2	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual		<p>This is a mixed-housing development project of the City of Johannesburg. JOSHCO is implementing the rental portion of the development. The project will yield a total of 407 social housing units once complete.</p> <p><b>Current status:</b> The Development Agreement has been signed by both JOSHCO and the Developer. The site hand-over was done on week beginning 09/10/2019. The main contractor has commenced with site establishment works on site.</p> <p>The project will deliver a total of 60 units at the end of June 2020.</p> <p><b>Completion date:</b> November 2022</p> <ol style="list-style-type: none"> <li>1. Site handed-over to main Contractor in October 2019.</li> <li>2. Site establishment by the main Contractor on site.</li> <li>3. Builder's work currently on progress.</li> <li>4. Installation of reticulation Engineering services.</li> </ol>
	Q3 Planned		<ol style="list-style-type: none"> <li>1. Builder's Work progress.</li> <li>2. Engineering services installation.</li> <li>3. Foundations and electrical works</li> </ol>
	Q4 Planned		<ol style="list-style-type: none"> <li>1. Builder's Work progress on site.</li> <li>2. Completion of 70 units (blocks identified to deliver 60 units)</li> </ol>
3	PERIOD	PROJECT	PROGRESS, PLANNED ACTIVITIES AND UPDATE
	Q2 Actual		<p>The project team is re-packaging the project by reviewing the number of units that can be delivered on the project. A proposal to decrease the number of units within the same appointment amount has been submitted to JOSHCO, by the main Contractor and the Project Manager for consideration.</p> <p><b>Status update:</b> Commencement of the project had been blocked by the community protesting against the project. Engagements are currently underway between the professional team of JOSHCO and that of Gauteng Department of Human Settlements to unlock the project.</p> <p>JOSHCO presented a plan to re-start the project at a community meeting held on 7 November 2019. The plan was positively received and the community is in support of the project.</p>



Q3 Planned	Q3 Planned	Q2 Actual	4 PERIOD	Princess Plot	<p>1. Further engagements will also take place with community structures during the third quarter of 2019/2020 in order to ensure a smooth re-start of the project.</p> <p>2. Finalization of a financially feasible alignment of the project, in terms of reduced number of units that can be delivered within the appointment amount of the Contractor.</p> <p>3. Present to Accounting Officer whether the project continues or not, with financial implications of contract cancellation.</p> <p><b>PROGRESS, PLANNED ACTIVITIES AND UPDATE</b></p> <p>This project will yield 333 units once completed.</p> <p><b>Current status:</b> Enza Construction has been appointed as the main Contractor. JOSHCO is currently finalising with main contractor on compliance returnable documents.</p> <ol style="list-style-type: none"> <li>1. JBCC Contract was signed by both main Contractor and the Employer in November 2019.</li> <li>2. The main Contractor commenced with site establishment works on site.</li> <li>3. SDP approval was attained during the second quarter, allowing the main Contractor to commence with works on site.</li> </ol> <p>1. Builder's work commencement.</p> <ol style="list-style-type: none"> <li>1. Installation of engineering services.</li> <li>2. Bulk Electrical engineering installation.</li> <li>3. Engineering services installation.</li> </ol> <p>2. Builder's work continuation.</p>
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#### 4.2 CAPITAL PROJECTS AND EXPENDITURE

In financial year 2019/2020, JOSHCO has a budget allocation of R 405 700 000.00 funded from: COJ Loans, Urban Settlement Development Grant, and National Provincial Grant. As at end of second quarter of 2019/20, JOSHCO had spent R 120 million of its budget. The budget was spent on various projects, as reflected on the table below:

Table 17: JOSHCO Capital Expenditure

EXPENDITURE REPORT (2nd Quarter 31/12/2019): CAPITAL PROJECTS 2019-2020				
A: REGION D	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%
	Nancefield Station	R 45 000 000,00	R 109 191,10	0%
	Luthering Social Housing	R 24 000 000,00	13 250 410,90	55%
	Golden Highway Social Housing-Devland	R 50 000 000,00	R 17 832 663,94	36%
	Dobsonville		R 5 606 347,33	
<b>SUB-TOTAL A</b>		<b>R 119 000 000,00</b>	<b>R 36 798 613,27</b>	<b>31%</b>
B: REGION F	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%
	Selby	R 10 000 000,00	R 354 755,00	4%
	80 Plain Street	R 45 000 000,00	R 38 307 312,75	85%
	Inner City Rental Housing	R 31 200 000,00	R 7 530 827,95	24%
	Chelsea Social Housing	R 10 000 000,00	R 4 812 355,23	48%
	280 Smith Street	R 15 000 000,00	R 99 725,69	1%
	38 Rissik Street	R 10 000 000,00	R 83 416,06	1%
	50 Durban Street	R 2 000 000,00	R 5 676 123,97	284%
	106 Claim Street	R 10 000 000,00	R 3 592 150,13	36%
	Casa Mia (Phase 1&2)	R 5 000 000,00	R 172 030,41	3%
	8-16 Abel Street	R 35 492 000,00	R 8 534 767	24%
<b>SUB-TOTAL B</b>		<b>R 173 692 000,00</b>	<b>R 69 163 464,16</b>	<b>0%</b>
C: REGION B	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%
	Randburg Selkirk	R 23 008 000,00	R 3 124 472,36	14%
<b>SUB-TOTAL C</b>		<b>R 23 008 000,00</b>	<b>R 3 124 472,36</b>	<b>14%</b>
D: REGION C	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%
	Roodepoort Phase 2	R 35 000 000,00	R 8 500 937,55	24%
	Princess Plot	R 50 000 000,00	R 2 248 913,71	4%
<b>SUB-TOTAL D</b>		<b>R 85 000 000,00</b>	<b>R 10 749 851,26</b>	<b>0%</b>
E: REGION F & D	PROJECT	BUSINESS PLAN BUDGET	CERTIFIED CLAIMS	%
	City Deep	R 3 000 000,00	R 180 875,20	6%
	Klipdown Square	R 2 000 000,00	R 360 334,47	18%
<b>SUB-TOTAL E</b>		<b>R 5 000 000,00</b>	<b>R 541 209,67</b>	<b>11%</b>
<b>TOTAL (A+B+C+D+E)</b>		<b>R 405 700 000,00</b>	<b>R 120 377 610,72</b>	<b>30%</b>
				<b>R 290 928 736,61</b>

**SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

In the 2019/20 Financial Year, the organisation has 18 annual Key Performance Indicators (KPI's) resulting in 22 annual targets that the organisation endeavours to attain and report on a quarterly basis. Of the 22 annual targets, 19 were due for reporting during mid-year. The performance breakdown is per the schedule below.

Performance Targets		Targets	
Applicable targets in Q2	19	Targets achieved	7
Targets partially achieved	10	Targets not achieved	2
Not due for reporting	3		

**Legend:**

Target for the quarter has been achieved and performance is on track	
Target for the quarter has been partially met but (above 50% of target), and close management is required	
Target is less than 50%, problems are being experienced and intervention is required.	
KPI not due for reporting in the current period	

**Table 18: Performance against Predetermined Objectives as at 31 December 2019**

Programme	Performance Indicator	For the year 2019/20	Target-	Actual	achieved and Mitigation Actions
Enhanced, quality services and sustainable environment all practices	% Capital budget spent	95 % Capital budget spent	30%	30%	Achieved
	Achievement of selected profitability and liquidity ratios	Current Ratio: 1.0:1	1.0:1	0.85:1	Assets under JOSHCO's name to be transferred before the end of Q3.
		Solvency Ratio 1.0:1	Solvency Ratio 1.0:1	0.93:1	-0.07
	Remuneration to Operational expenditure (OPEX) up to 30%	Remuneration to Operational expenditure (OPEX) up to 30%	31%	-1%	A mid-year deviation has been submitted to the City to request approval of the adjustment to the KPI to 35%.
	Maintenance expenditure up to 40% of OPEX budget.	Maintenance expenditure up to 40% of OPEX budget.	15%	+25%	Achieved
	% Collection of debtors on current billing	100% Collection of debtors in respect of rentals	71%	-29%	Weekly revenue drives (door-to-door consultations) to be conducted at the projects.
	% Collection of historical debt	10% Collection of historical debt	0.9%	-4.1%	A debt collection company to be appointed to collect historical debt.

<p>Engagements with departments to ensure that invoices reach Finance on time in order to process them within 30 days.</p>	<p>100% of valid invoices paid within 30 days of invoice receipt</p>	<p>99%</p>	<p>-1%</p>	<p>The risk controls which have not been implemented will be focused in the 3<sup>rd</sup> quarter and will form part of monthly reporting to ensure that, the control environment is improved</p>	<p>The reported actual performance is on findings that were verified by Internal Audit. The challenge is that JOSHCO's internal audit is outsourced and follow up on closure of findings is only done when internal audit conducts its audit as per the audit plan. This leaves a number of findings that management has closed not verified by the end of the quarter. As it stand management has reported to have closed approximately 100 internal audit findings and IA only managed to verify three areas (Performance information, housing</p>
<p>Improve the control environment</p>	<p>% of valid invoices paid within 30 days of invoice receipt</p>	<p>100%</p>	<p>100%</p>	<p>Approved Strategic Risk Register</p>	<p>100% of approved action against identified risks.</p>
<p>Implement on of</p>	<p>100% of implemented action of</p>	<p>61%</p>	<p>-39%</p>	<p>Implement on of</p>	<p>100% of implemented action of</p>
<p>Implement on of</p>	<p>100% of implemented action of</p>	<p>29%</p>	<p>71%</p>	<p>100% of implemented action of</p>	<p>100% of implemented action against audit findings</p>

Management and Revenue (Management)								
JOSHCO is looking to appoint a permanent Compliance Officer in the year to June 2020. The appointment will ensure a proper focus to the compliance reviews and robust follow-ups of instances of non-compliance.	81%	-19%		100% Monitoring of Compliance and regulations	100% Monitoring of Compliance and regulations	100% Monitoring of Compliance and regulations	100% Monitoring of Compliance and regulations	Inculcate a culture that enables and encourage staff discipline and performance
The KPI was affected by an Local Labour Forum (LLF) meeting that was not held and new employees contracts not finalised. All contracts are envisaged to be finalised by end of January. LLF meetings have been scheduled well in advance and the responsible manager will ensure that are held.	40%	-10%		50% implementation of the HR strategy	100% implementation of the HR strategy	100% implementation of the HR strategy	100% implementation of the HR strategy	Improve customer satisfaction levels.
Achieved	50%			50% implementation of a stakeholder engagement plan activities	100% implementation of a stakeholder engagement plan activities	100% implementation of a stakeholder engagement plan activities	100% implementation of a stakeholder engagement plan activities	





environmental practices		% occupancy	98%	98%	Achieved	
A growing, diverse and competitive economy that creates jobs	% Of Capex spent on 51% Black owned Companies	30% Of Capex spent on 51% Black owned Companies.	30% Of Capex spent on 51% Black owned Companies	34%	+4%	Achieved
	% Of Capex spent on SMEs.	30% Of Capex spent on SMEs.	30% Of Capex spent on SME	22%	-8%	CAPEX includes both professional fees and construction on various projects and where JOSHCO has spent on professionals, there is no SME contribution made. Where procurement was concluded in Q2, CAPEX was spent on professionals and site establishment that do not contribute to SMEs. It is planned that the performance will be enhanced in the future quarters of the financial year, as these projects will be progressing.
Enhanced, quality services and sustainable environment al practices	Action Plan	Action Plan	Action Plan	30%	-20%	ICT department continued to experience operational challenges however a comprehensive risk assessment has been conducted which has

Key	Performance the Quarter 2	Target for the Quarter 2	Year to date Achievement in the quarter	Performance Assessment Status	Remarks/ Mitigation
<b>STRATEGIC ASSESSMENT (SDBIP)</b>					
Number of social housing units developed	-	-	-		Not due for reporting
<b>OPERATIONAL COMPLIANCE</b>					
Internal Audit Findings Resolution	100%	29%			As per table 19 above
<b>SERVICE DELIVERY</b>					
Number of Jobs created for the	400	420			As per table 19 above

Table 19: Performance against Institutional SDBIP as at 31 December 2019

	Target for the quarter has been achieved and performance is on track
	Target for the quarter has been partially met but (above 50% of target), and close management is required
	Target is less than 50%, problems are being experienced and intervention is required.
	KPI measured at the end of the financial year

Legend:

This section provides the performance of the entity during the quarter and the comparisons of the performance against set targets and performance on the City's IDP scorecard.

**SECTION 6: PERFORMANCE AGAINST INSTITUTIONAL SDBIP AS AT 31 December 2019**

provided direction to the mitigation of current challenges. The ICT Manager position has been advertised and appointment will be finalised in the 3 <sup>rd</sup> quarter						
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**SECTION 7: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS**

Key Performance Indicators	Target for the Quarter 2	Year to date Achievement in the quarter	Performance Assessment Status	FINANCIAL PERFORMANCE	
				Revenue Collection/Losses	Capital Expenditure
unemployed through EPWP				100%	30%
				71%	30%
				As per table 19 above	As per above table

JOSHCO reports on performance against 7 pre-determined targets for Service Level Standards. On average, JOSHCO has achieved four of its seven service standard in the first quarter. The agreed service standards with the City covers the following:

- Billing of customers;
- Attending to requests for maintenance;
- Routine building maintenance;
- Application of rental housing; and
- Resolution of complaints.

The billing of customer standard was under achieved by 0.80% due to various projects that were incorrectly billed as. Data clean-up is underway to ensure that the correct tariffs are captured in the systems and charged accordingly. There was no planned maintenance scheduled for the month of October 2019. In the quarter under review, the entity managed to track queries made on rentals and on average the public was responded within 8 days against the target of 5days. The below table provides a summary of the results:



Underperformance was due to relocation of office that affected operations for more than two weeks. Management will ensure that necessary steps are put in place in case of similar events	-3 days	8 days	5 days (41 of 46)	9 days (168)	10 days	Outcome of enquiry to be sent to housing.	Outcome of enquiry to be sent to housing.	Outcome of the applicant's communication with 7 days.	Resolution of complaint and response within 24 hours of complaint being logged.	Resolution of complaint on working days of logged call.
Achieved	+3 day	4 days	2 days (59 of 76)	3 days (499 of 499)	7 days (89 of 89)	Outcome of the applicant's communication with 7 days.	Outcome of the applicant's communication with 7 days.	Resolution of complaint and response within 24 hours of complaint being logged.	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.
Achieved	None	24 hours	24 hours (47)	24 hours (175)	24 hours (165)	Resolution of complaint and response within 24 hours of complaint being logged.	Resolution of complaint and response within 24 hours of complaint being logged.	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.
Achieved	None	24 hours	24 hours (47)	24 hours (175)	24 hours (165)	Resolution of complaint and response within 24 hours of complaint being logged.	Resolution of complaint and response within 24 hours of complaint being logged.	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.
Achieved	None	5 days	5 days (42 of 47)	9 days (175)	2 days (165)	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.	Resolution of complaint on working days of logged call.



## 7.1 PERFORMANCE AGAINST SERVICE STANDARDS (DETAIL)

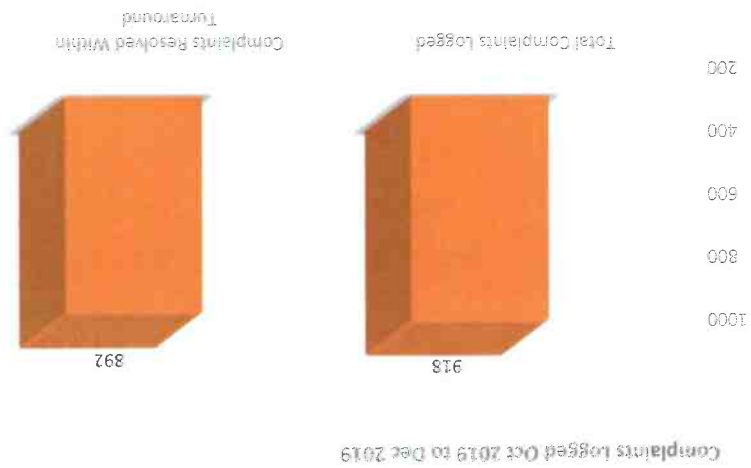
### 7.1.1 Maintenance function

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

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

The total maintenance cost incurred for the quarter amounted to R5 363 372. A total of 918 reactive jobs were logged between October 2019 and December 2019 at a cost of R 2 427 169, and R 2 936 203 was spent on planned maintenance programmes. The SLS' key performance indicator of 96% relating to the number of maintenance cases closed within turnaround of seven (7) days was achieved with 97% being reached. Also outlined in Fig 1 below.

Fig 1 – Calls logged Vs Response Calls

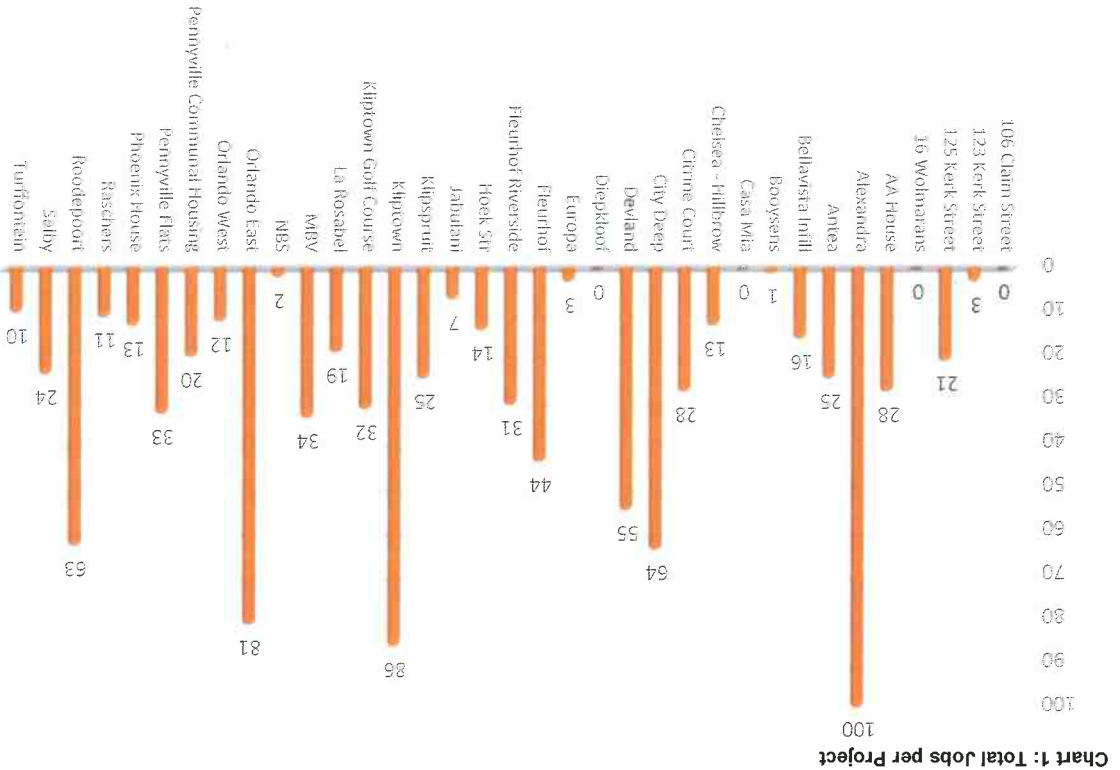


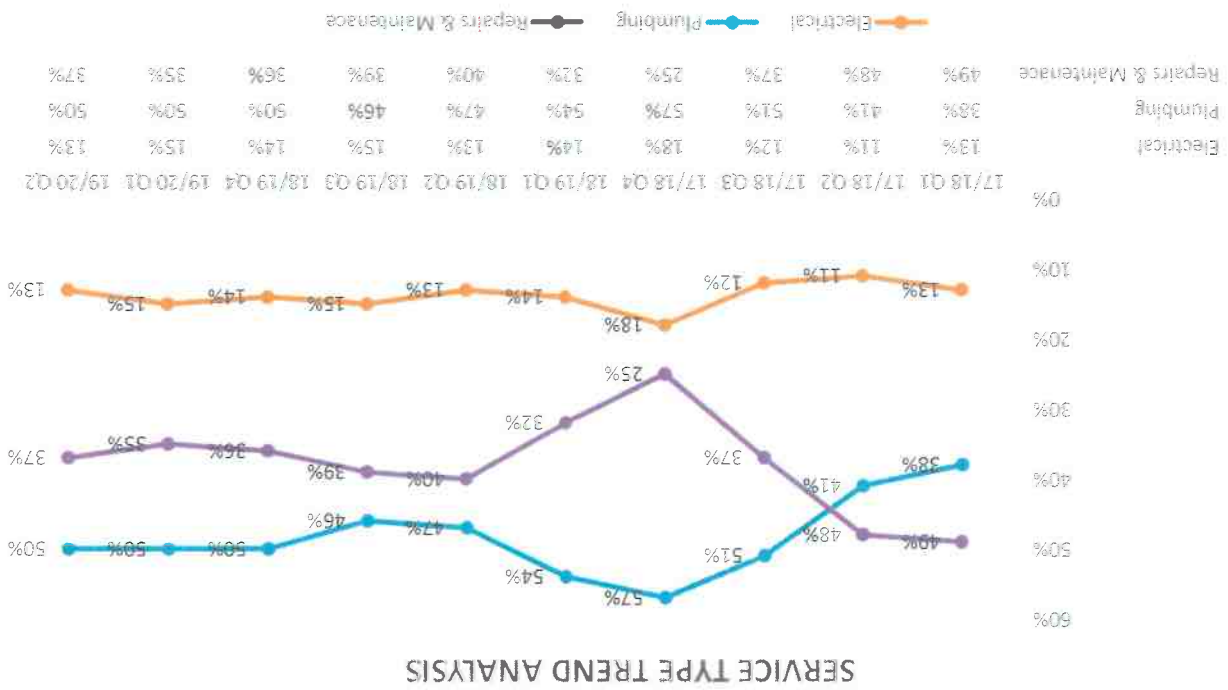
The following chart provides a breakdown of jobs logged per project in all tenanted JOSHCO projects during the second quarter of 2019-2020

The following table provides an analysis of maintenance costs per project for the second quarter of 2019-2020.

Table 21: Project Unplanned Maintenance Costs

Project Name	% of Total Cost	Total Cost	Project Name	% of Total Cost	Total Cost
16 Wolmarans	0%	-	Hoek Street	2%	40 150
123 Kerk Street	0%	7 876	Jabulani	3%	65 345
125 Kerk Street	2%	43 609	Klipspruit	4%	106 770
AA House	3%	86 828	Klipptown	7%	172 044
Alexandra	8%	191 750	Klipptown Golf Course	1%	24 047
Antea	1%	28 378	La Rosabel	1%	25 646
Bellavista Infill	1%	29 127	MBV	14%	344 558
Booyssens	0%	-	NBS	1%	30 087
Casa Mia	0%	-	Orlando East	9%	219 593
Chelsea - Hillbrow	2%	43 382	Orlando West	0%	10 816
Hillbrow					
Citrine Court	1%	32 335	Pennyville	2%	40 054
City Deep	12%	284 567	Communal		
106 Claim Street	0%	-	Phoenix House	0%	5 272
Devland	5%	123 274	Raschers	1%	27 735
Diepkloof	0%	-	Roodepoort	6%	154 335
Europa	2%	39 287	Selby	1%	35 246
Fleurfhof	6%	140 737	Turffontein	0%	9 783





2019-2020.

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

of their life span.

The jobs per service type were within their normal band with thirty seven percent (37%) of jobs relating to general repairs and maintenance, fifty percent (50%) to plumbing, and thirteen (13%) to electrical. The high number of maintenance jobs relating to plumbing is due to the necessity of attending to blockages in the main sewerage and 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

Quarter	Cost YTD	Cost Per Quarter	Total Units	Cost Per Unit	Cost Per Unit YTD
1st	R3 322 266	R3 322 266	8276	R401	R401
2nd	R5 749 435	R2 427 169	8276	R293	R648

Table 22: Unplanned Maintenance Costs vs Budget

Fleurhof	1%	20 560	Union Square	0%	-
Grand Total					2 427 169

Turnaround Times

Table 23: The following table provide a breakdown of maintenance turnaround achieved per project.

Project Name	No. Jobs Quarter	Jobs Within Turnaround	Project Name	No. Jobs Quarter	Jobs Within Turnaround
16 Wolmarans	-	-	Hoek Street	14	93%
123 Kerk Street	3	100%	Jabulani	7	100%
125 Kerk Street	21	100%	Klipspruit	25	100%
AA House	28	100%	Klipptown	86	94%
Alexandra	100	99%	Klipptown Golf Course	32	97%
Antea	25	92%	La Rosabel	19	100%
Bellavista Infill	16	100%	MBV	34	100%
Boysens	1	100%	NBS	2	100%
Casa Mia	-	-	Orlando East	81	95%
Chelsea - Hillbrow	13	100%	Orlando West	12	100%
Citrine Court	28	82%	Pennyville Communal	20	100%
City Deep	64	98%	Pennyville Flats	33	97%
106 Claim Street	-	-	Phoenix House	13	77%
Devland	55	100%	Raschers	11	100%
Diepkloof	-	-	Rodepoort	63	98%
Europa	3	100%	Selby	24	100%
Fleurnhof	44	100%	Turfontein	10	100%
Fleurnhof Riverside	31	100%	Union Square	-	-
Grand Total	918	97%			

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



Planned Maintenance Schedule

Table 24: The following report provides a breakdown of planned maintenance executed during the 2019-2020 financial year.

PLANNED MAINTENANCE: 2019-2020		
Quarter 1	Quarter 2	
		<b>OHSA</b>
		OHSA Remedial Work
312 460	49	632
		Service fire equipment
30 693		235 758
		<b>AA House</b>
		Refurbishment of communal kitchens
35 864		
		<b>Antea</b>
		Installation of passage lighting at Block A
28 152		
		Internal painting of units
34 617	23	974
		<b>Bellavista Infill</b>
		Install palisade fence round play equipment
7 399		
		<b>Bothabella</b>
		Reinstatement of collapsing retaining walls
50 148		
		<b>Chelsea</b>
		Install Clear-vu fence at building main entrance
53 809		
		<b>City Deep</b>
		Refurbishment of communal toilets
		Gate motors for Greenfield entrances
	24	200
		<b>Citrine Court</b>
		Waterproofing of building roof
108 375		
		<b>Devland</b>
		Refurbishment of vandalised units
		1 896 533
		<b>Europa House</b>
		Waterproofing of building roof
52 442		
		Servicing of heat pump
39 523		
		<b>Fleurhof Junction</b>
		Installation of Heat pump Block R & S
208 268		
		<b>Fleurhof Riverside</b>
		Replacement of sewer pipes Block C
		22
		858
		<b>Hoek Street</b>
		Installation of automated roller shutter doors
47 974		
		Installation of extractor fans in communal
65 783		bathrooms
		Service and repair of generators
43 214		
		Install shower curtains in all communal bathrooms
25 826		
		<b>Klipspuit</b>
		Replacement of metal roof at Block 1
134 395		

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

### Maintenance Analysis per Project

PLANNED MAINTENANCE: 2019-2020	Quarter 1	Quarter 2
Installation of Jo-Jo water storage tank		30 533
<b>Klipptown Golfcourse</b>		
Repair of sewer pipes	18 031	
<b>Klipptown Square</b>		
Internal painting & replacement of kitchen sink	554 114	357 875
<b>La Rosabel</b>		
Building of dividing walls in communal showers	23 932	
Installation of washing lines		480 3
<b>MBV</b>		
Replacement of basement submersible pumps		103 750
<b>NBS</b>		
Replacement of basement submersible pumps		63 800
<b>Orlando Ekhaya</b>		
Installation of gate motor	16 961	
Service & repair of solar geysers	308 880	
Repair of entrance drive way	28 335	
Painting of roads and parking bays	36 934	
Cleaning of all roof gutters		28 770
<b>Pennyville</b>		
Installation of burglar bars at entrance of Flats	78 750	
<b>Selby</b>		
Labelling & securing of wheelie bins		8 220
<b>Textile House</b>		
Replacement of passage lights	15 528	
<b>Turfontein</b>		
Installation of Clear-V fence & storm water wall channel	36 170	
Installation of grids on storm water channels	41 975	
Installation of fencing around storeroom area	29 974	
Installation of ceiling boards on balcony roofs	53 442	
Installation of Clear-Vu fence around storm water		13 173
<b>Total Expenditure</b>	<b>2 556 469</b>	<b>2 936 203.59</b>



Table 25: Maintenance Analysis per Project

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
123 Kerk Street	Plumbing	-	1	1	243
123 Kerk Street	Repairs & Maintenance	-	2	2	7 632
123 Kerk Street		-	3	3	7 876
<b>Total</b>					
125 Kerk Street	Electrical	2	1	3	7 081
125 Kerk Street	Plumbing	8	6	14	19 650
125 Kerk Street	Re-instatement	1	-	1	-
125 Kerk Street	Repairs & Maintenance	4	5	9	47 255
125 Kerk Street	Fire Equipment	-	1	1	12 842
<b>AA House Total</b>		15	13	28	86 828
Alexandra	Electrical	-	7	7	54 237
125 Kerk Street	Plumbing	-	84	84	137 513
125 Kerk Street	Repairs & Maintenance	1	6	7	-
125 Kerk Street	Fire Equipment	-	2	2	-
<b>Alexandra Total</b>		1	99	100	191 750
Antea	Electrical	1	5	6	9 118
Antea	Plumbing	7	3	10	1 450
Antea	Repairs & Maintenance	8	-	8	10 210
Antea	Fire Equipment	-	1	1	7 600
<b>Antea Total</b>		16	9	25	28 378
Bellavista Infill	Electrical	1	1	2	11 611
Bellavista Infill	Plumbing	3	1	4	3 619
Bellavista Infill	Re-instatement	2	-	2	2 712
Bellavista Infill	Repairs & Maintenance	6	2	8	11 186
Bellavista Infill		12	4	16	29 127
<b>Total</b>					
Boysens	Plumbing	-	1	1	-
Boysens		-	1	1	-
<b>Boysens Total</b>					
Chelsea	Plumbing	-	8	8	10 786
Chelsea	Re-instatement	2	-	2	9 522
Chelsea	Repairs & Maintenance	-	2	2	7 334
Chelsea	Fire Equipment	-	1	1	15 740
<b>Chelsea Total</b>		2	11	13	43 382
Citrine Court	Electrical	1	1	2	4 234

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
Citrine Court Total	Plumbing	6	1	7	1 467
	Re-instatement	3	-	3	12 130
	Repairs & Maintenance	13	3	16	14 504
City Deep	Electrical	3	4	7	37 294
	Plumbing	19	11	30	82 725
	Re-instatement	1	-	1	-
City Deep Total	Fire Equipment	-	4	4	102 716
	Electrical	37	27	64	284 567
	Electrical	5	1	6	6 160
Devland	Plumbing	17	4	21	13 774
	Repairs & Maintenance	24	4	28	103 340
	Electrical	46	9	55	123 274
Devland Total	Electrical	-	2	2	14 443
	Repairs & Maintenance	-	1	1	24 844
Europa Total	-	-	3	3	39 287
	Electrical	3	4	7	2 873
	Plumbing	24	8	32	20 710
Europa	Re-instatement	3	-	3	51 237
	Repairs & Maintenance	23	10	33	86 477
	Fire Equipment	-	1	1	24 844
Fleurfhof Total	Re-instatement	-	1	1	4 962
	Plumbing	2	-	2	7 700
	Repairs & Maintenance	2	8	10	23 988
Fleurfhof	Fire Equipment	-	1	1	3 500
	Repairs & Maintenance	4	10	14	40 150
	Plumbing	-	2	2	19 527
Hoek Street Total	Repairs & Maintenance	2	2	4	36 848
	Fire Equipment	-	1	1	8 970
	Electrical	2	5	7	65 345
Hoek Street	Electrical	1	2	3	10 237
	Plumbing	-	13	13	23 005
	Repairs & Maintenance	2	7	9	73 529
Jabulani Total	Repairs & Maintenance	3	22	25	106 770
	Electrical	5	-	5	2 647
	Plumbing	35	8	43	91 791
Jabulani	Repairs & Maintenance	32	6	38	77 606
	Fire Equipment	-	1	1	8 970
	Electrical	2	5	7	65 345
Klipspruit Total	Repairs & Maintenance	1	2	3	10 237
	Plumbing	-	13	13	23 005
	Repairs & Maintenance	2	7	9	73 529
Klipspruit	Repairs & Maintenance	3	22	25	106 770
	Electrical	5	-	5	2 647
	Plumbing	35	8	43	91 791
Klipspruit Total	Repairs & Maintenance	32	6	38	77 606
	Fire Equipment	-	1	1	8 970
	Electrical	2	5	7	65 345

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
Kliptown Total	Electrical	72	14	86	172 044
Kliptown Golf Course	Electrical	1	1	2	4 773
Kliptown Golf Course	Plumbing	20	6	26	17 902
Kliptown Golf Course	Repairs & Maintenance	4	-	4	1 372
Kliptown Golf Course Total		25	7	32	24 047
La Rosabel	Electrical	-	1	1	205
La Rosabel	Plumbing	-	10	10	6 300
La Rosabel	Repairs & Maintenance	2	5	7	4 741
La Rosabel Total	Fire Equipment	-	1	1	14 400
La Rosabel Total	Electrical	2	17	19	25 646
La Rosabel Total	Plumbing	2	4	6	115 722
La Rosabel Total	Repairs & Maintenance	-	20	20	200 932
La Rosabel Total	Repairs & Maintenance	4	4	8	27 904
MBV Total	Plumbing	6	28	34	344 558
NBS	Plumbing	-	2	2	30 087
NBS Total		-	2	2	30 087
Orlando East	Electrical	7	16	23	38 684
Orlando East	Plumbing	17	6	23	94 015
Orlando East	Re-Installation	5	-	5	38 906
Orlando East	Repairs & Maintenance	24	6	30	47 987
Orlando East Total		53	28	81	219 593
Orlando West	Electrical	3	-	3	1 450
Orlando West	Plumbing	6	1	7	7 824
Orlando West	Repairs & Maintenance	2	-	2	1 543
Orlando West Total		11	1	12	10 816
Pennyville	Electrical	4	-	4	2 465
Pennyville	Plumbing	16	27	43	62 954
Pennyville	Repairs & Maintenance	6	-	6	18 614
Pennyville Total		26	27	53	84 033
Phoenix House	Electrical	4	1	5	3 597
Phoenix House	Plumbing	4	-	4	1 166
Phoenix House	Repairs & Maintenance	2	2	4	510
Phoenix House Total		10	3	13	5 272
Raschers	Electrical	1	1	2	2 856
Raschers	Plumbing	-	5	5	3 732
Raschers	Repairs & Maintenance	2	2	4	21 147
Raschers Total		3	8	11	27 735

Project Name	Service Type	No. of Units	Common Area	Total Jobs	Amount
Rodepoort	Electrical	1	6	7	19 800
	Plumbing	22	7	29	48 559
	Repairs & Maintenance	19	8	27	85 977
<b>Rodepoort Total</b>		<b>42</b>	<b>21</b>	<b>63</b>	<b>154 335</b>
Selby	Electrical	4	1	5	17 698
	Plumbing	5	7	12	10 000
	Repairs & Maintenance	5	2	7	7 548
<b>Selby Total</b>		<b>14</b>	<b>10</b>	<b>24</b>	<b>35 246</b>
Turffontein	Electrical	7	1	8	3 554
	Plumbing	-	1	1	-
	Re-instatement	1	-	1	6 230
<b>Turffontein Total</b>		<b>8</b>	<b>2</b>	<b>10</b>	<b>9 783</b>
<b>Grand Total</b>		<b>497</b>	<b>421</b>	<b>918</b>	<b>2 427 169</b>

**Tenancing Plan & Revenue Collections – enhancement of JOSHCO's financial sustainability**

through 98% tenancy rate.

Revenue Collections, Tenancing & Evictions Dashboard was established and introduced to JOSHCO's Housing Management, Revenue & Legal Departments' staff in July 2019 as the CEO's turnaround plan and drive aiming at achieving the following:

- 100% Tenancing of JOSHCO Units
- Rental Collections
- Debt recovery
- Evictions of rental non-payers & lock outs as pre-evictions and cautionary process
- CEO's weekly reviews and progress updates
- Departmental collaborations and shared services

Implementation thereof has resulted into a shift for both JOSHCO as the Landlord and the Tenants which resulted into JOSHCO progressive update as outlined in a dashboard and explained in Figure 1 below.



Figure 8: JOSHCO Tenancing & Revenue Collections Dashboard

For Quarter 2 2019/ 2020 since the commencement of Dashboard, the following progress has been

achieved:

- 100 Additional New Lease Agreements signed between October to December 2019 for immediate tenanting and occupancy.
- Increase in occupancy to 7 605 out of 7 722 tenatable units for Q2.
- Increase in Tenancy to 98,45%, therefore increasing by 0,98%
- Increase in tenancy/ occupancy by 0, 98% in December 2019.

JOSHCO's overall occupancy level is at 98, 45% of tenatable and habitable units under management in the second quarter 2019/2020.

***Weekly dashboard review will continue for service improvement and ongoing efficiency.***

#### **Quick-wins**

This dashboard has the following quick-wins:

- CEO's weekly reviews and progress updates
- Departmental collaborations and shared services
- Total number of units per property verifiable and accounted for by respective Housing Supervisors and amended by responsible Portfolio Managers
- Stock counting including commercial buildings
- Projections of weekly tenanting statistics, revenue collections, debt recoveries and evictions processes progress updates.





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 26: Personnel Cost by Occupational Level as at 31 December 2019:

Occupational Level	No. of employees	Personnel Expenditure (R'000)	Average cost per employee (R'000)
Top Management (CEO, CFO,	2	852 514	426 256.83
Executive Managers Senior Management (Senior Managers, Programme Managers)	6	2 080 224	328 456
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	21	3 923 720	183 924
Skilled Technical and Academically Qualified (Housing Supervisors, Billing Clerks, Credit Controllers, Bookkeeper)	84	10 034 027	119 542
Semi-Skilled (Administrators, Caretakers, Receptionists)	25	394 846	47 381
Internship	1	22 412	8072.97
EPWP	100	994 011	8110.46
<b>Total</b>	<b>223</b>	<b>18 301 754</b>	
<b>Salary Cost</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	
<b>Total Salary Cost</b>	16 173 141.95	18 301 754	-
<b>Total Opex</b>	52 510 779	55 146 031	-
<b>% remuneration to Opex Spent</b>	31%	33%	

Position	Movement	Start Date
Supply Chain Officer	Appointed	01 November 2019
Supply Chain Officer	Appointed	01 December 2019
Credit Controllers x 2	Appointed	01 December 2019
Housing Supervisor	Appointed	01 December 2019
HR Officer	Appointed	01 November 2019
Leasing Manager	Appointed	01 November 2019
Project Manager	Appointed	17 December 2019

**Table 28: Staff Movement**

The legal officer role was created and in the new structure with the purpose of being responsible for the entire organizational legal matters. Given that compliance is spread throughout the departments, this role is to consolidate all the duties and responsibilities. The recruitment process of the role is underway envisaged to be closed by the end of the financial year. The ICT role had to be re-advertised due to non-sufficient response to the advert and the advert is still open.

Designation	Current	From
Compliance Officer	Legal Officer	July 2019
IT Technician	ICT Manager	October 2019

**Table 27: Acting Appointments**

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

**SECTION 2: KEY VACANCIES**

Note: The salary costs above exclude the costs for Cleaners, Security guards and governance cost (Board fees). The percentage reflected under table 26 is different from the one reflected in the KPI due to that the one in the KPI includes governance costs and exclude Housing Development salaries which are capitalized.

This section provides information on how the entity has performed and responded to the requirements of employment equity for the quarter under review. JOSHCO's policy objective is to have a workforce reflective of the demographics of South Africa and Gauteng region. Diversity and inclusion are entrenched in our talent management as well as a learning and development agenda which allows us to improve our talent pipeline for designated groups. The Employment Equity is profiled according to gender, disability, race, salary grade and by occupational levels. The employment equity targets are aligned to the country's Economically Active Population (EAP) percentage distribution within the Gauteng region. The EAP includes people from **15 to 64 years of age** who are *either employed or unemployed* and *seeking employment* and is used to assist employers in the analysis of their workforce to determine

### SECTION 3: EMPLOYMENT EQUITY

Proposed position	Number of Positions	Date the position become vacant	Progress
Financial Manager	1	New Position	Candidate to commence duty on the 6 <sup>th</sup> of January 2020.
Risk Manager	1	New Position	On Hold
Credit Controller	3	New Position	Two candidates commenced duty on the 1 <sup>st</sup> of December 2019 and One on the 6 <sup>th</sup> of January 2020.
Billing Clerk	1	31 October 2017	Appointment Stage
Executive Assistant: Business Planning	1	New Position	Candidate to commence duty on the 6 <sup>th</sup> of January 2020
Facilities and Security Manager	1	New Position	Appointment Stage
Senior Manager – Project Management	1	September 2019	Candidate to commence duty on the 2 <sup>nd</sup> of January 2020
SCM Manager	1	October 2019	Candidate to commence duty on the 6 <sup>th</sup> of January 2020.
ICT Manager	1	June 2019	Advertised Internally and Externally on the 04 <sup>th</sup> of December 2019 and closed on 12 <sup>th</sup> of December 2019, no applications were received will re-advertised.
Maintenance Administrator	1	November 2019	Shortlisting Stage
Leasing Administrator	X 3	October 2019	Shortlisting Stage

Table 29: Recruitment progress

## 2.1 RECRUITMENT

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

Table 31: Employee Age Profile

SECTION 4: AGE PROFILE

Occupational Level	Employment Equity Profile										G/ Ttl	Racial Achievement %	Female Gender Achievement %			
	Male					Female			Foreign Nat.					Local		
	A	C	I	W	A	I	C	3	2	1						
Top Management	1	0	0	0	1	0	0	0	0	0	1	2	100%	50%		
Senior Management	1	0	0	0	3	0	0	0	0	0	1	3	4	100%	75%	
Professionally Qualified / Middle Management	7	0	0	3	6	0	1	0	1	1	1	11	8	19	84%	42%
Skilled and Technically Academically Qualified	32	2	0	0	31	3	1	1	0	1	34	37	71	99%	52%	
Semi-Skilled	5	0	0	0	8	0	0	0	0	0	5	8	13	100%	62%	
Unskilled	0	0	0	0	3	0	0	0	0	0	0	3	3	100%	100%	
<b>Total</b>	<b>46</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>52</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>52</b>	<b>60</b>	<b>112</b>		<b>54%</b>	

Table 30: Employee equity

the degree of under-representation of the designated groups. JOSHCO is required to use the EAP as a guide, to determine the resource allocation and subsequent interventions that are needed to achieve an equitable and representative workforce. It is important to note that the analysis of this section of the report focuses on the Gauteng EAP and IDP target as depicted in the tables below.

## SECTION 5: SKILLS DEVELOPMENT AND TRAINING

### 5.1 Bursaries for 2019

There were no bursaries awarded in this quarter however applications have been received for study assistance from staff for the 3<sup>rd</sup> quarter starting January 2020.

Table 32: Bursary applications

Training Attended	Staff in Attendance	Date of Training
Health and Safety Training	Health and Safety Committee	04 – 06 December 2019
MIE Training	HR Officer	04 December 2019
MDA Workshop	Leasing Administrators	21 November 2019

## SECTION 6: PERFORMANCE MANAGEMENT

All employees of JOSHCO are expected to have signed their performance contracts by the end of Sept 2019.

Table 33: Performance contract report

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

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

**SECTION 7: DISCIPLINARY MATTERS AND OUTCOMES**

**7.1 Labour Relations matters**

The table below summarises the labour relations cases recorded as at 31 December 2019:

**Table 34 : Disciplinary actions**

Department	Allegation (s)	Occupational level	Gender	Race	Status
Business Planning and Risk	1. Gross insubordination, 2. Refusal to carry lawful and reasonable instruction 3. Putting the organization into disrepute.	Senior Management	Male	A	Reinstated Aug 2019
Finance	1. Gross insubordination, 2. Refusal to carry lawful and reasonable instruction 3. Putting the organization into disrepute	Professionally Qualified / Middle Management	Female	A	Reinstated Aug 2019
Housing	Dishonesty in that employee solicited bribe	Housing supervisor	Male	A	Reinstated October 2019
Finance	Poor work performance	Professionally Qualified / Middle Management	Male	A	Reinstated Aug 2019

**SECTION 8: LEAVE & PRODUCTIVITY MANAGEMENT**

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

**Table 35: Overall Company Leave Analysis as at 31 December 2019:**

Type of Leave	July – Sept	Oct – Dec	Total Leave Days Taken	% leave days taken
Annual Leave	277	48	325	42%
Sick Leave	179	25	204	26%



This section of the report highlights JOSHCO's performance on Marketing and Communication objectives for Quarter Two. This is one of Marketing and Communications strategic management function and an essential part of the organisation's daily operations aimed at ensuring well-coordinated and responsive communication as well as effectively managed and engaged stakeholders.

**SECTION 9: MARKETING AND COMMUNICATION**

Annual leave remains the most utilised leave category. This is ideal, as it assists to reduce the leave liability. Sick leave is the second most utilised. Going forward we will conduct an in-depth analysis of the reasons for sick leave utilisation although the actual number of days taken (0,8%) are well within the best practise in South Africa, of between 2% - 4%. This simply means that there is generally no indication of abuse of sick leave. Where isolated incidences are observed, necessary steps will be taken to remedy the situation.

Figure 1: Leave Analysis



The second quarter had a drastic reduction of sick leave taken, thereby assuming effectiveness of management controls and improved staff discipline.

Type of Leave	July – Sept	Oct – Dec	Total Leave Days Taken	% leave days taken
Family Resp. Leave	27	6	33	4%
Study Leave	13	20	33	4%
Unauthorized Leave	-	-	-	-
Maternity Leave	141	44	185	24%
<b>Total</b>	<b>637</b>	<b>143</b>	<b>780</b>	<b>100</b>

## 9.1 STAKEHOLDER MANAGEMENT AND ENGAGEMENT

JOSHCO's Integrated Communication and Stakeholder Engagement Strategy outlines how the organisation intends enhancing communication to all stakeholders, thus ensuring that JOSHCO messages are well coordinated, effectively managed and responsive to the diverse information needs across. The organisation's Communication plan for the quarter under review focuses on the Mayoral Priorities to turn the City into a construction site as well as to ensure safety and security for the tenant community.

The organisation delivered a total of Seven (7) activations out of the eight which were planned for the quarter. The Dobsonville Launch and Official Handover of keys to new tenants was deferred to the next quarter. This was a result of the voting in of the new Mayoral candidate for the City of Johannesburg.

### 9.1.1 Internal Events/ Activations:

- On the 16<sup>th</sup> of October 2019 the CEO met with staff and management to give feedback on how the organisation performed over the previous quarter. The meeting outlined priority areas as well as those that require urgent intervention and improvement. The meeting was held at one of the properties managed by JOSHCO; Hoek Street in the inner city.

- Former Mayor Mashaba, MMC Van Wyk, Ward Councillors, the Board, CEO and management team of JOSHCO handed over two construction sites located at Princess Plot and Selkirk Randburg for the development of affordable rental units to commence. The two projects will together yield over 450 units aimed at encouraging high density, compact, mixed-use urban housing that will cater for communal spaces such as; play areas, drying yards, security and maintenance staffing offices, a clubhouse and refuse area.

- On the 19<sup>th</sup> of December 2019 the CEO joined MMC Van Wyk at the Diepkloof Hostel development, where the City intends to refurbish structures which were vandalised. The event was attended by the Ward Councillor and some of the beneficiaries residing within the ward.

- The implementation of the November event was delivered as a campaign to promote Men's Health over a dialogue on male dominant ailments, finances and gender-based violence.

- The organisation ended the year with a Wellness Colour Run aimed at promoting fitness and healthy living. The event offered aerobicics, 5km run/walk and various health tests.

**SECTION 10: CORPORATE COMMUNICATION PRODUCTS AND PUBLICATIONS**

JOSHCO's Corporate publications involve management and coordination of key organisational messages to create favourable relationships with stakeholders to enhance the organisation's ability to sustain its operations. JOSHCO has since seen an increase in visibility, following and interaction with stakeholders through its social media platforms.

**Table 36: Media Communication Platforms Summary:**

Social Media Platforms		Followers	Posts	Views /Likes/ Impressions
Website:				
The website is updated and interactive				
Twitter: @myjoshco	1064	24	58k	
Facebook @Joshco Rentals	4999	10	3500	
YouTube channel	Re-establishing the pages into corporate platforms			
Instagram: Joshco Col				

Over and above the digital platforms, the organisation used print medium to communicate to stakeholders. A total of Six (6) communication products were distributed to stakeholders during the quarter under review.

**Table 37: Communication Products/ Publications Summary:**

Publication	Classification	No	Targeted Stakeholders
Newsletters	Corporate Newsletter	1	Internal & External
Advertorial	Changing the face of social housing	1	
Staff Notices	Email Communique	N/A	Internal
Project Notices & Flyers	Dobsonville Flyers, Turffontein applications Flyer	2	Tenants
Media Releases / Responses	Media releases developed & distributed:	2	Media / General Public
	Media responses coordinated /Radio Interview		
Total Distributed		6	

**SECTION 11: MEDIA LIAISON AND MONITORING**

Two (2) Media Releases were distributed during this quarter. They addressed the ground breaking celebration for Princess Plots and Randburk Silkirk Social Housing Projects.

Table 38: Summary Media Coverage: October – December 2019

Source & Date	Summary of enquiry/ query	Rating	Article Brief
Times Live 09 October 2019	New policies proposed to tackle Johannesburg social housing backlog	Neutral	With a social housing backlog of 300,000 units in Johannesburg, the city is proposing new ways to facilitate quicker delivery of state-sponsored homes. "The ever growing housing need and increased demand for a permanent solution has resulted in a strong need to identify a diversified way to speed up delivery," said MMC for Housing, Meshack van Wyk. The draft housing allocation policy is in the public participation stage and will be tabled in council within the coming months. Among its key policies is how the department proposes to allocate beneficiaries to RDP houses, and how it proposes to implement the roll-out of serviced sites to people to build their own homes. The allocations policy proposes that the city move from ward-based allocations to a first come first served basis. It means residents could be allocated a house anywhere within the city and not based on where they reside.
Randburg Sun 11 November 2019	City launches a new 145-unit social housing development in Randburg	Positive	The outgoing City of Johannesburg Mayor Herman Mashaba was joined by MMC for Housing, Meshack van Wyk, officials from the City's affordable rental agency at the Johannesburg Social Housing Company (Joshco) for a new high-density sod-turning event in Blairgowrie, on 11 November. Mashaba said the development is part of their transit-oriented development (TOD), as the area is situated next to major transport terminals – Randburg taxi rank and Rea Vaya bus terminal. "This project is right in the heart of Blairgowrie. Where people can have access to various facilities around this area."
Roodepoort Record 11 November 2019	MMC Meshack Van Wyk launches 'Princess' first social housing project Ward councillors and JOSHCO employees joined MMC van Wyk	Positive	On Thursday, 7 November, construction of the first social housing project in the Princess area was launched. The project was launched by the MMC for Housing, Councillor Meshack van Wyk, and Speaker of Council, Vasco Da Gama, in conjunction with the City's social housing entity JOSHCO. The

Article Brief	Rating	Summary of enquiry/ query	Source & Date
<p>Johannesburg Social Housing Company (JOSHCO) has partnered with City of Johannesburg to allocate and build affordable, social housing throughout Johannesburg. They have been active in developing new and improving existing, affordable rental housing opportunities for Johannesburg residents. After Executive Mayor Herman Mashaba took office in 2016, he dedicated his term to those whom he called The Forgotten People. He did this in the hope of providing service delivery to the residents of the City of Johannesburg municipality who had previously been ignored.</p>	Positive	<p>and Speaker Vasco da Gama for the launch of Princess' first social housing project on 7 November.</p>	<p>Southern Courier 5 December 2019</p>
<p>Since 2016, we provided 10 000 homes in informal settlements with electricity. As of 2018/19, 87 per cent of households in informal settlements have access to water, while over 10 400 toilets have been provided to these communities. On the housing front, we worked hard to ensure delivery in a portfolio that was known for under-performance. We delivered 6 261 mixed housing opportunities, over 9 000 title deeds to beneficiaries, and developed 7 857 social housing units.</p>	Neutral	<p>Herman Mashaba reflects on his three years in office</p>	<p>Sowetan Live 8 December 2019</p>
<p>The new Johannesburg members of the mayoral committee appointed and an IFP councillor, Mlungisi Mabaso, appointed as the MMC for the City's housing portfolio</p>		<p>New Joburg team to 'boost service delivery'</p>	

**HEALTH AND SAFETY**

**Table 39: JOSHCO staff Incidents Statistics & Sites**

Incident	Employee/Project Name	Employee Dept. / Incident type	Short Description
Lost Time Injuries	None	NA	NA
Medical Treatment Cases	None	NA	NA
First Aid Cases	1	Housing	An employee hit herself against the glass on the fourth floor. She sustained a minor cut inside her upper leap. First aid intervention was administered.
Near Misses	None	NA	NA
DIFR = (LTI 0x 200 000) / Man Hours		0%	

**Table 40: SITES RECORDED INCIDENTS**

Incident Entry	Project Name	Incident type
Fatal Incidents	Selby	Shooting
Flooding	NBS Building (OK Furniture 38 Rissik)	Flooding

**Health and Safety Administration**

Health and Safety appointment letters to be appointed once we receive the H&S training certificate of 04 to 06 December 19. Candidates will be appointed as soon as they are deemed competent as per the attached Safety Rep, First Aid and Fire Fighters training schedule.

**Table 41: 2019/20 HEALTH AND SAFETY TRAINING SCHEDULE**

Course name	Venue	Number of candidates required	Date	Time
Health and Safety Rep	EMS Training Academy (3 Brixton Road)	20 Candidates	4-6 December 2019	07h45





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

An analysis of the financial position as at 31 December 2019 is reflected below and in Table 42.

Table 42: Statement of Financial Position as at 31 December 2019

Description	31 December 2019	30 June 2019	Variance	Variance %
	R'000	R'000		
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	209	234	(25)	-11%
Loans to shareholders	56,467	83,564	(27,097)	-32%
Current tax receivable	50	-	50	100%
Receivables from exchange transactions	98,920	138,351	(39,431)	-29%
VAT receivable	1,614	1,172	442	
Cash and cash equivalents	161,526	156,356	5,170	3%
<b>Non-current assets</b>				
Property, plant and equipment	3,724	3,699	25	1%
Intangible assets	596	506	90	18%
Investment in joint venture	23,154	24,254	(1,100)	-5%
Deferred tax	17,334	17,334	-	0%
<b>Total Expenditure</b>	<b>44,808</b>	<b>45,793</b>	<b>(985)</b>	<b>-2%</b>
<b>Total Assets</b>	<b>363,594</b>	<b>425,471</b>	<b>(61,877)</b>	<b>-15%</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Borrowings - DBSA	948	948	-	0%
Current Tax Payable	-	424	(424)	-100%
Operating lease liability	29	29	-	0%
Payables from exchange transactions	376,031	413,409	(37,378)	-9%
Provisions	29	1,220	(1,191)	-98%
<b>Non-Current Liabilities</b>				
Borrowings - DBSA	12,854	13,282	(428)	-3%
Deferred Income from non-exchange transactions	1,034	178	856	481%
	13,888	13,460	428	3%
<b>Total Liabilities</b>	<b>390,925</b>	<b>429,490</b>	<b>(38,565)</b>	<b>-9%</b>
<b>Net Assets</b>	<b>(27,331)</b>	<b>(4,018)</b>	<b>(23,313)</b>	<b>580%</b>
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(27,331)	(4,018)	(23,313)	580%
<b>Total Net Assets</b>	<b>(27,331)</b>	<b>(4,018)</b>	<b>(23,313)</b>	<b>-100%</b>

## 1.1 Assets

Current assets have decreased by R61 million (from R380 Million to R319 Million). The significant change is a decrease in Loans to Shareholders by R27.1 million as a result of capital expenditure (CAPEX) claims being settled by the City. There has been no material change in the composition of non-current assets.

### 1.2 Liabilities

Included in non-current liabilities is the current portion a long-term loan from the DBSA. Current liabilities decreased by R39 million (from R416 Million to R377 Million) as a result of an increase in related party creditors.

## SECTION 2: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 19 December 2019 is R162 million. The tenant deposit account has a balance of R14.8 million. The SHRA account has a balance of R147.2 million. An amount of R29.9 million is held in the sweeping account and is disclosed under Loans to Shareholder.

## SECTION 3: CAPITAL PROJECTS AND EXPENDITURE

The organisation has been allocated a budget of R405.7 million funded from the External Funding Sources (EFF) and Capital Reserves (CRR). In the current financial year, we have the following programmes:

- i. Greenfields projects;
- ii. The Inner-City re-generation programme by purchasing and refurbishing buildings; and
- iii. Up-grades programme.

$$\frac{\text{Cash and cash equivalents}}{\text{Operation expenditure}} = \frac{\text{R162 million}}{\text{R118 million}} = 1.4 \text{ months}$$

c) Cost Coverage Ratio

$$\frac{\text{(Total Assets)}}{\text{(Total Liabilities)}} = \frac{\text{R364 million}}{\text{R391 million}} = 0.93:1$$

b) Solvency Ratio

$$\frac{\text{(Current Assets)}}{\text{(Current Liabilities)}} = \frac{\text{R319 million}}{\text{R377 million}} = 0.85:1$$

a) Current Ratio (Acid Test Ratio)

The following ratios are considered as crucial in measuring the financial stability of the entity.

SECTION 4: RATIO ANALYSIS

- #CRR – Capital Reserves
- \*EFF – External Funding Source

SOURCE	BUDGET	SPEND TO DATE	BALANCE	% PERFORMANCE AGAINST SPEND
EFF-350	215 492	40 637	174 855	19%
CRR-360	190 208	79 889	110 319	42%
TOTAL	405 700	120 526	285 174	30%

Table 43: Capex Spend

As at 31 December 2019, JOSHCO's verified spent was 30% against a target of 30% per the table below.



the rental facilities budget has been submitted in the budget adjustment process. JOSHCO has collected 71% of current rentals against a collection target for the 2019/20 financial year of 100% of billing.

## 5.2 Expenditure

### • Analysis of significant variances between actual and budget:

- a) **Governance and Staff costs**
  - 17% above budget (R5.3 million) due to the unbudgeted settlement reached with former Fixed Term Contracts employees following a bargaining council claim and insourcing of cleaners and gardeners.

### b) **Other project related costs**

- 176% over budget (R10.5 million) due to a low rental collection rate for the quarter leading to a higher provision for bad debts.

### c) **Repairs and Maintenance**

- 20% below budget (R2.9 million) due to only critical maintenance that affect the structure being done as many of our tenants are in arrears.

### d) **Cleaning and gardening**

- 26% below budget (R2.1 million) due to savings as a result of insourcing.

### e) **Security**

- 10% below budget (R1.2 million) due to savings as a result of insourcing.

### f) **Administrative**

- 34% above budget (R8.9 million) due to higher than budgeted utility costs, an increase in legal costs in pursuit of eviction orders. There was also unbudgeted costs incurred for security services consulting to assist with setting up the security function as a result of insourcing.

## SECTION 6: SUPPLY CHAIN MANAGEMENT AND BLACK ECONOMIC EMPOWERMENT

### 6.1 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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



TABLE 46: Expenditure by sourcing process (Nature):

a) Total Expenditure		
Nature of expenditure	Quarter 2 R'000	% of total expenditure
Capital Expenditure	114 399	77%
Operational Expenditure	33 839	23%
<b>Total Expenditure</b>	<b>148 238</b>	<b>100%</b>

b) Capital Expenditure		
Nature of expenditure	Quarter 2 R'000	% of Capex expenditure
Professional Consultants	8 813	8%
Contractor Payments	105 585	92%
<b>Total Expenditure</b>	<b>114 399</b>	<b>100%</b>

c) Operational Expenditure		
Nature of expenditure	Quarter 2 R'000	% Spend
Procurement < R200 000	7 922	23%
Cleaning and Gardening	1 508	4%
Directors Remuneration-Board and Comm	684	2%
Operational Expenditure	4 942	15%
Security Services – Housing Management	4 013	12%

Name of tender	User	Supplier Name	Reason for Deviation	Approve date	PO Amount R'000
Board and EXCO photoshoot	COSEC	Zoom Photography	Photo shoot was initially scheduled for 22 October 2019. There was an electrical fault on that day that was not foreseen. The shoot had to be rescheduled for the 6 <sup>th</sup> of November 2019. On the rescheduled date, not all Board members were available. An additional shoot had to be arranged for the 12 <sup>th</sup> of November. It was not practical to restart the process as the annual report was due on the 6 <sup>th</sup> of December and we would have not had sufficient time to go to print if the process was to be restarted.	04-Dec-2019	R16 446.00
Joshco Office Move	Corporate Services	Zenzela X	During the office move, the lifts in the Juta Street building stopped working. There was delays from the manufacturer of the lift to get the required part to fix the lift. As it was rainy season, the furniture and documents could not be left in the basement as there was a	18-Dec-2019	R358 480.00

Table 47: Approved deviations for the year to date

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

6.2 DEVIATIONS ON SCM

Category	Count	Percentage
Security Services – Housing Development	3 439	10%
Repairs and Maintenance	11 331	34%
<b>Total</b>	<b>33 839</b>	<b>100%</b>

Name of tender	User	Department	Supplier Name	Approve date	PO Number	Contract Value	Variation	%
Princess Plots	Housing	Development	Ilse Martine Projects	18-Sep-2019	JSH008860	R18 870 791.64	R3 217 685.46	17.05
'La Rosabel	Housing	Development	M2M Projects	18-Sep-2019	JSH008858	R632 653.20	R16 156.78	2.55
Klipptown Golf Course	Housing	Development	Pro Power	18-Sep-2019	JSH008861	R22 397 919.11	R2 826 001.81	12.62
50 Durban Street	Housing	Development	Rembu Construction	18-Sep-2019	JSH008859	R33 702 967.28	R2 393 286.14	9.42
Turfontein	Housing	Development	Stefanutti	18-Sep-2019	JSH008857	R194 222 101.22	R646 941.00	7.41
Klipptown Golf Course	Housing	Development	MCC Security	18-Sep-2019	JSH008862	R22 629 528.71	R1 351 022.97	5.97
106 Claim Street	Housing	Development	Shomang Construction	18-Sep-2019	JSH008863	R28 011 710.14	R3 084 531.02	11.01

Table 48: Approved variations to date

**6.3 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS**  
 The table below details approved deviations in the period under review:

<p>risk of damage from the rain. The service provider then had to procure additional resources and increase the time to complete the move. This resulted in increased costs which was above the threshold of the process that was initially followed. The lift breakdown could not have been forecast. It was impractical to start a new SCM process.</p>			
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Name of department	Amounts owed R'000	Account status
City of Johannesburg: Sweeping account	226 857	Current
City of Johannesburg: Treasury	5 958	180 days overdue

Table 50: Government departments' accounts

**PUBLIC ENTITIES**

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

Security contracts continue to be irregular as they are still being used by Housing Management. Costs incurred for the quarter is R4 million. Upon completion of Phase 1 of insourcing in October 2019, there were shortages of guards and the entity had to continue with month to month contracts as we could not risk the safety of our buildings and tenants.

**6.6 REPORT IN IRREGULAR, FRUITLESS AND WASTFUL EXPENDITURE**

Period	Total OPEX from procurement R'000	OPEX to at least 51% black owned companies R'000	% Spend for the period
Quarter 1: 1 July to 16 September 2019	12 149	4 125	34%
Quarter 2: 1 October to 19 December 2019	18 251	4 274	23%
Period	Total CAPEX from procurement activities R'000	CAPEX to at least 51% black owned companies R'000	% Spend for the period
Quarter 1: 1 July to 16 September 2019	26 316	25 869	98%
Quarter 2: 1 October to 19 December 2019	114 399	38 588	34%

Table 49: Summary of spent to at least 51% black owned companies:

as detailed in Table 48 below.

JOSHCO promotes black economic empowerment by spending on at least 51% black owned companies

**6.5 ACHIEVEMENT ON BBBEE**

There was 1% of suppliers who were not paid within 30 days for the quarter (10 out of 1 236).

**6.4 PAYMENTS WITHIN 30 DAYS**

		<b>Total</b>
		Gauteng Department of Human Settlements
	15 969	
180 days overdue		
	39 744	City of Johannesburg: CAM
90 days overdue	11 687	City of Johannesburg: Housing
	<b>300 215</b>	

**CHAPTER SIX: INTERNAL AUDIT AND EXTERNAL AUDIT FINDINGS**

**SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN**

In the quarter under review, OMA Chartered Accountants, continued to be the entity's Internal Auditors and three audits (performance information, Housing Management and Revenue Management) were conducted during second quarter of 2019/20 financial year. This has increased the findings to 153 in total.

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

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

**Table 51: Audit findings raised by Internal Audit as at 31 December 2019**

Current Year: 2019/20			
FY	Findings Raised	Resolved	% Resolved
Findings Raised as at 31 December 2019	153	34	22%
<b>Total</b>	<b>153</b>	<b>34</b>	<b>22%</b>

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

The Audit-General completed its 2017/2018 audit in November 2018, and a total of 24 findings were raised during the audit. 18 of the findings raised have been addressed as at the end of second quarter.

**Table 52: Audit findings raised by Auditor General as at 31 December 2019**

Audited Year: 2017/18-2018/19			
FY	Findings Raised	Resolved	% Resolved
Findings Raised during 2017/18 Audit	24	18	75%
Findings Raised during 2018/19 Audit*	28	0	0%
<b>Total</b>	<b>52</b>	<b>18</b>	<b>35%</b>



Based on the Internal Audit reviews conducted during the three audits done in the first quarter, the control environment has been identified as "inefficient". Areas of improvement have been identified which require management's urgent attention in respect of Performance information, Revenue Management and Housing Management. Important to note that management has already commenced putting measures in place to close finding and ensure that there will not be non-recurrence

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

\*The final management report was signed on 30 November 2019.

