

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



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

**MIDYEAR PERFORMANCE REPORT FOR THE  
2018/19  
FINANCIAL YEAR**

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

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

**COMPANY INFORMATION:**

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

**Registered Address** : **1st Floor, 137 Sivewright Avenue  
New Doornfontein  
Johannesburg  
2094**

**Postal Address** : **P O Box 16021  
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Johannesburg  
2028**

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

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

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

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

**Auditors** : **Auditor-General**

**Vision**

“To become the best provider of quality, affordable social housing 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>Nontobeko Ndimande</p> <p>Name &amp; Surname Chief Financial Officer</p>	<p></p> <p>Signature</p>	<p>Date of Approval: <u>15/01/2019</u></p>
<p>CHRISTOPHER DHANI</p> <p>Name &amp; Surname Acting Chief Executive Officer</p>	<p></p> <p>Signature</p>	<p>Date of Approval: <u>15/01/2019</u></p>
<p>Tumelo Mlangeni</p> <p>Name &amp; Surname Chairperson of the Board</p>	<p></p> <p>Signature</p>	<p>Date of Approval: <u>17/01/2019</u></p>
<p></p> <p>Name &amp; Surname MMC</p>	<p></p> <p>Signature</p>	<p>Date of Approval: <u>25/01/19</u></p>

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### SECTION 1: CHAIRPERSON'S FOREWORD



In the period under review, the Board of Directors of JOSHCO continued to provide strategic direction and exercise oversight on the implementation of strategy by management. Important to emphasise that JOSHCO is continuously transforming to ensure that the primary mandate of delivery of rental stock as well as new interventions, such as student accommodation and related social interventions, are realised.

The overall mid-year performance of JOSHCO is satisfactory in most of the reported Key performance areas and this is attributed to the efforts made by both the Board and management when working on robust plan to turn around the entity's performance as it was reported in the first quarter. I am pleased to note over achievement in some of the KPIs that were under achieved in the first quarter such as CAPEX spend. CAPEX spend increased from 1% that was reported in the first quarter to 37% against the mid-year target of 30%. Rental collection reflects an achievement of 92% against the mid-year target of 90%. JOSHCO continues to include companies that are at least 51% black owned and SMMEs in their procurement plans.

The sterling work done by JOSHCO is also witnessed by the community of Johannesburg through the social housing projects that were launched during the period under review. JOSHCO has launched three projects; Devland, Turffontein and Hoek street projects during the first half of the financial year. The launches of projects translate to a number of families moving in more decent and dignified social housing at a minimum rental fee.

JOSHCO's books were audited during this period and am pleased to mention that the entity has maintained an unqualified audit opinion in the 2017/18 audit. The entity has slightly regressed from obtaining a clean status that it sustained for the past eight year. However, as the Board we are aware that there was a lot of instability at JOSHCO in that financial year where majority of the Executive team resigned and we were operating with acting incumbents. It is our commitment to ensure that JOSHCO up its game and reclaim its clean audit status going forward. Our commitment is demonstrated by the role that the board, as the governing body, is playing in fast-tracking the recruitment of the Executive team including the position of the CEO.

Lastly, I would like to thank the Board and Management for putting extra effort in ensuring that the entity remains operational and effective.

**Mr Tumelo Mlangeni**  
**Chairperson: Board of Directors**

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



The Johannesburg Social Housing Company (JOSHCO) as a municipal owned entity is designed to play a significant role in improving the lives of the people of Johannesburg. In this regard, part of the fundamental responsibilities of JOSHCO is that of ensuring the dignity and safety of the residents of the city through the provision of rental housing targeted at low income earners. In line with this momentous responsibility, the Board of Directors of JOSHCO approved a business plan which effectively details the programmes that would be implemented during the financial year in order to achieve the broad goals and objectives of the company and its parent municipality, the City of Johannesburg Metropolitan Municipality. It is based on this business plan that we report on the progress achieved for the mid-year period, 1 July 2018 to 31 December 2018.

A number of challenges, internal and external, slowed down progress and have directly impacted on the performance of the company as reflected in chapter three of the report. With regard to internal issues, the company has experienced challenges in the retention of personnel particularly at senior management level. As such, five of the seven senior management positions are filled with employees acting in these roles. The recruitment for the position of the Chief Financial Officer (CFO) was concluded and the new CFO assumed the responsibilities during the latter part of the first quarter of the financial year. Processes are currently underway to ensure that the recruitment processes for the remainder of the senior management positions are finalised by March 2018. In addition, issues have been identified with respect to internal controls and related process weaknesses that must be attended to in order to ensure that the company is stabilised and for performance improvement.

From an external point of view, the company has been negatively impacted by the worsening economic fortunes of the country. With regard to this a number of companies have demonstrated failures in meeting their financial obligations leading to termination of contracts and consequently delays in project delivery. Even more concerning is the impact the economic conditions have on JOSHCO tenants. To this end, as a result of the declining disposable income of our tenants and in worst cases where jobs are lost, JOSHCO is impacted through the decline in rent collection in some properties. This has meant that JOSHCO must intensify its community development initiatives this with a view of assisting tenants meet their rental obligations. Furthermore, JOSHCO is also subjected to community instability and public protests which at times turn violent. In such instances, JOSHCO stock has been vandalised which results in serious setbacks in as far as providing the necessary accommodation and maintenance work needed for our projects.

Notwithstanding all of these challenges however, we strongly believe that JOSHCO is poised for success on its mandate. With the turnaround plans and approved interventions, we are firmly of the view that JOSHCO will improve and realise the targets set for the year ahead. In this regard we would like to extend a word of appreciation to the Board of Directors, the City of Johannesburg as a shareholder and our tenants for the support and patience provided during this period.

**Mr Christopher Dyani**  
**Acting: Chief Executive Officer**

## SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT



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

### Revenue Collection Report

JOSHCO's revenue collection target for the 2018/19 financial year is 90% of billing. Performance for the second quarter is slightly above target at 92%.

### Financial Performance

Revenue and expenditure are recorded on the accrual basis and resulted in a deficit of R17.1 million for the six (6) months ended 31 December.2018.

### Quarter 2 highlights

Total revenue is behind budget by R10.5 Million. This is mainly due to billing being under budget by 14% due to slow allocation at Hoek Street, African Diamond, Textile, Phoenix, Wolmarans, Devland and Turffontein. Billing on these projects to date is R2 Million vs a budget of R12 Million. Development spending is also depressed due to underspending and challenges related to budget allocation, thus JOSHCO was only able to collect 21% (R1.1 million) of the budgeted construction management fee of R5.7 Million.

In considering the expenditure for the quarter, it must be related to JOSHCO's flagship projects and administrative enablers:

- *Flagship 1 (Direct Project Costs)* JOSHCO creates value through the delivery of services through its core mandate. In considering the expenditure for the quarter, it must be related to JOSHCO's flagship projects and administrative enablers:
  - *Repairs and Maintenance* – it was 74% behind budget (R17 Million). This relates to responsive maintenance in the projects. JOSHCO policy states that repairs and maintenance must be done only for tenants that are up to date with their rental. The expenditure has been locked to control the deficit.
  - *Cleaning and Gardening* – it was behind budget by 31% (R 3.7 Million) and is directly related to the Zenzele project. The amount budgeted for includes management fees which JOSHCO is saving resulting from the removal of the middle man between the Zenzele co-operatives and JOSHCO. A decision was taken after approval of the budget.
  - *Security costs* – security cost is ahead of budget by 83% (R5.7 Million) due to buildings not yet under construction and we cannot claim under CAPEX. An adjustment has been requested in the adjustment budget process.
- *Flagship 2 (Utility services)* - it was 203% (R11 Million) ahead of budget based on actual billing from the City which is significantly higher than our budgeted figures.
- *Flagship 3 (Tenant services)* - It was 51% (R3.7 Million) ahead of budget due to slow rental collection leading to a higher provision for bad debts.
- *Enabler 1 (Salary and staff costs)* – it was 16% (R3.8 Million) ahead of budget, mainly due to implementation of the grading results and issuing of bonuses based on new salary scales.



- Enabler 2 (General Expenditure) – the expenditure was over budget by 6% (R733 Thousand).

### **CAPEX Expenditure**

CAPEX spend is directed towards the development, renovation and upgrade of CoJ and JOSHCO's properties that are to be leased as housing units. JOSHCO has been allocated a CAPEX budget of R 321 Million for the financial year ended 30 June 2019. As at 31 December 2018, the verified spent was 37% against a target of 30%.

**Ms Nontobeko Ndimande CA (SA)**  
**Chief Financial Officer**

## SECTION 4: SALIENT FEATURES

The organisation has 22 annual Key Performance Targets (KPI's) in the 2018/19 financial year. In the period under review, 19 targets were due for reporting, of which 10 were achieved (52% achieved), and 9 were not achieved but progress has been made.

**Table 1: Variance Report as at 31 December 2018**

No#	Target	Actual	Variance	Mitigation
1	Current Ratio: 1.5:1	0.95:1	- 0.55	CAPEX claims to the CoJ to be processed in January 2019 in order to improve the sweeping account balance therefore increasing current and total assets
2	Solvency Ratio: 1:1	0.97:1	-0.03%	
3	100% implementation of corrective action against identified risks	65%	-35%	Management will continue to monitor progress implementation and ensure that, the target is achieved.
4	100% Implementation of corrective action against audit findings.	71%	- 29%	The non-achievement is as a result of additional AG findings from the 2017/18 financial year. An audit plan has been developed to address these findings
5	Unqualified audit opinion with no emphasis of matter	Unqualified audit opinion with emphasis of matter	Unqualified audit opinion with emphasis of matter	Implementation of audit action plans
6	100% compliance to laws and regulations.	91%	-9%	Management to conclude all compliance assessments
7	100% achievement of service level standards	75%	-25%	Leasing department to review Enquiry processes to ensure timelines can be met
8	97% of occupancy rate	91.06%	-5.94%	Internal audit completed its report in relation to the challenges faced by the leasing unit and, Housing Management is in process of implementing the recommendation(s) to aid the efficiency of the unit.
9	50% implementation of ICT action plan	31.25%	-18.75%	Multiple processes are delayed by parties external to the IT department. Completion of these projects will assist the IT department of exceeding the 50% target by end of January 2019

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



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

The Johannesburg Social Housing Company SOC Ltd (JOSHCO) was established in November 2003 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. Increase the number of buildings acquired and refurbished for affordable housing in the Inner City.
2. Increase Social Housing projects within the transport nodes.
3. Improve customer satisfaction levels.
4. Improve service delivery standards.
5. Improve safety and security of tenants in all JOSHCO projects.
6. Improve the control environment (policies, systems and procedures).
7. Enhance financial sustainability.
8. Improve ICT infrastructure and governance.
9. Contribute towards Economic development through Black Economic Empowerment (BEE).
10. Improve cost efficiencies in Housing Development and Housing Management.
11. Inculcate a culture that enables and encourage staff discipline and performance.
12. Increase the number of Expanded Public Works Programme opportunities created.

## **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 Committees and the Risk Management 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 without fail. Thus far JOSCHO managed to attain victory of reported case and continues to advocate for the spirit of good governance. 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 as part of its strategy to build partnered relationships.

Whilst sustaining the operations of the organisation, job creation was also realised and 25 people were employed at Casa Mia as part of the Inner-City regeneration programme. Although the achieved results were lower than desired, JOSHCO remains focus in its position of contributing to 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 is committed to being a good corporate Citizen and continued in the period to contribute to sustainable skilling of the youth through a 3-Year Electrical Engineering Learnership Programme with a monthly stipend of R2, 500. Moreover, JOSHCO extended Project Management and Call Centre Learnership programmes to over 6,000 during the current quarter. Early Childhood Development Centres in AA House and Anthea continued to be run well in the quarter. JOSHCO housing projects are close to transport nodes to encourage the reduction of carbon footprint

## CHAPTER TWO: GOVERNANCE

### SECTION 1: BOARD OF DIRECTORS

The Board of Directors was 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 comprised of eight (8) Non-Executive Directors and two (2) Executive Directors being the Acting Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) until 28 November 2018 when one Non-Executive Director resigned. A declaration of interest register is kept and updated at all meetings to mitigate the possible risk of conflict of interest.

**Table 2: Board Composition was as follows as at 31 December 2018**

Member	Capacity: Executive / Non-Executive	Race	Gender	Skills
Mr T Mlangeni (Board Chairperson)	NED	A	M	Human Capital Management and Industrial Relations.
Mr T Motloug	NED	A	M	Banking, Business Leadership, Strategy Development.
Ms M Hlatshwayo	NED	A	F	Transformation, Organisational Development and Human Capital
Prof K Wall	NED	W	M	Engineering, Science and Technology
Mr M Ntanga	NED	A	M	Legal, and Attorney of the High Court South Africa
Prof DW Twala	NED	A	M	Construction and Project Management
Ms N Molao	NED	A	F	Construction and Project Management
Mr N Tshindane	NED	A	M	Sales and Marketing
Mr C Dyani	Acting: CEO	A	M	Planning and Strategy Development, implementation and monitoring.
Mrs N Ndimande	Chief Financial Officer	A	F	CA(SA)

**NB:** Ms N Molao resigned as the director of JOSHCO board effective from 28 November 2018

### BOARD AND COMMITTEE MEETINGS ATTENDANCES

During the period under review, the Board and its Committees held 2 ordinary meetings each. Furthermore, the Board held 4 special meetings of which 1 was combined with the board strategic session. Audit & Risk Committee held 2 ordinary meetings and 2 special meetings. Development Committee held 2 ordinary meetings, and 1 special meeting. Over and above the committee meetings the board held strategic session with the aim of providing strategic direction to management.

**Table 3: Board and Committee Meetings Attendances as at 31 December 2018**

Board of Director	Board			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
<b>Number of Meetings</b>	<b>6</b>			<b>3</b>			<b>2</b>		
Mr T Mlangeni	6	-	-	-	-	-	-	-	-
Ms M Hlatshwayo	6	-	-	-	-	-	2	-	-
Prof K Wall	3	-	3	1	-	2	-	-	-
Mr M Ntanga	5	-	1	-	-	-	2	-	-
Prof DW Thwala	5	-	1	3	-	-	-	-	-
Ms N Molao	5	-	1	3	-	-	-	-	-
Mr N Tshindane	5	-	1	2	-	1	1	-	-
Mr T Motloung	6	-	-	-	-	-	-	-	-
Ms. L Ntaka	2	-	1	2	-	-	1	-	-
Mr A Ngcezula	1	1	-	1	-	-	1	-	-
Mr C Dyani	4	-	-	2	-	-	1	-	-
Mrs N Ndimande	3	-	-	1	-	-	1	-	-

**Table 4: Audit & Risk Committee Meetings Attendances as at 31 December 2018**

Names of Audit Committee Members	Audit and Risk Committee		
	Attendance	Absent	Apologies
<b>Number of Meetings</b>	<b>4</b>		
Mr T Motloung (Chairperson)	4	-	-
Mr R Hill	4	-	-
Ms L Zabala	3	-	1
Mr A Ngcezula	1	-	-
Ms L Ntaka	2	-	-
Mr C Dyani	3	-	-
Mrs N Ndimande	2	-	-

## BOARD COMMITTEES

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

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

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 56 of 2003. The committee is chaired by a Non-Executive Director.

### **Audit & Risk Committee**

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

The Committee consist of the following members: -

Mr. T Motloung	Non- Executive Director (chairperson)
Mr. R Hill	Independent Audit Committee Member
Ms. L Zabala	Independent Audit Committee Member

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

- Financial Reporting and Reliability of Financial Information;
- Business Planning and Budget Implementation;
- Identify financial, business and operational risk areas of the company to be covered in the scope of internal and external Audits;
- Ensure that the Accounting Officer of the company has put in place appropriate internal control systems;
- Monitor and review the effectiveness of the Internal Audit function;
- Oversee the relationship of the company with the Auditor General of South Africa;
- Review the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg;
- Review the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible 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 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.

## Social, Ethics, and Human Resource Committee

The Committee consists of the following members: -

Ms. N Hlatshwayo	Non-Executive Director (chairperson)
Mr. M Ntanga	Non-Executive Director
Mr. N Tshindane	Non-Executive Director

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

- Review reporting concerning risk management that 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;
- Select an appropriate comparative source when comparing remuneration levels;
- Advise on the remuneration of non-executive directors;
- Management development and succession plans for executive levels; and
- Make recommendations to the Board where necessary or take approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- The Environment, Health and Public Safety.
- Consumer Relationships.
- Labour and Employment.
- To draw matters to the attention of the Board as occasion requires.
- To report to the Shareholder at the AGM on matters within its mandate

## Development Committee

The Committee consists of the following members: -

Prof DW Thwala	Non- Executive Director (Chairperson)
Prof K Wall	Non- Executive Director
Mr N Tshindane	Non- Executive Director
Ms N Molao	Non-Executive Director

**NB:** Ms N Molao resigned as the director of JOSHCO board effective from 28 November 2018

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.

## DIRECTORS AND PRESCRIBED OFFICER'S REMUNERATION

The remuneration of Directors is in accordance with the Council approved rates.

**Table 5: Board of Directors Remuneration as at 31 December 2018**

Name	Designation	Remuneration
Mr T Mlangeni	Board Chairperson	R202 000
Ms N Hlatshwayo*	Non-Executive Director	R122 000
Prof K Wall	Non-Executive Director	R41 000
Mr M Ntanga*	Non-Executive Director	R85 000
Prof DW Thwala*	Non-Executive Director	R91 000
Ms N Molao	Non-Executive Director	R80 000
Mr N Tshindane	Non-Executive Director	R99 000
Mr T Motloung**	Non-Executive Director	R126 000
<b>Total</b>		<b>R846 000</b>

NB: The chairperson fees included meetings that are outside board meetings

\*Members fees included interview panel fees of R5000 per sitting

\*\*Member fees included attendance of Group Audit and Group Risk Committee

**Table 6: Independent Audit Members Remuneration as at 31 December 2018**

Name	Designation	Remuneration
Mr R Hill	Independent Member	R20 000
Ms L Zabala	Independent Member	R15 000
<b>Total</b>		<b>R35 000</b>

**Table 7: Senior Management Remuneration as at 31 December 2018**

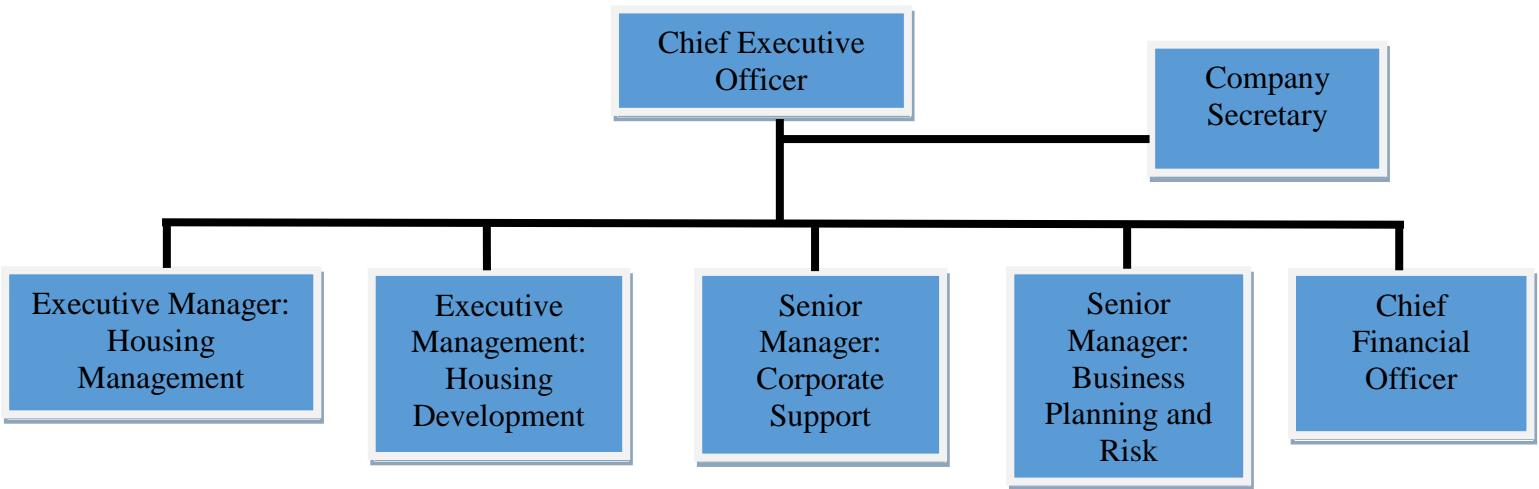
Name	Designation	Remuneration
Anthony Ngcezula	Chief Executive Officer	R 916 404.78
Nontobeko Ndimande	Chief Financial Officer	R 341 321.13
Nkululeko Magubane	EM: Housing Development	R 517 614.67
Moses Madlala	Acting EM: Housing Management	R 357 101.42
Phumlani Maseko	SM: Business Planning and Risk	R 484 881.78
Jaco Scheepers	Acting SM: Business Planning	R 62 595.45
Pretty Ngwasheng	SM: Corporate Support	R 257 033.80
Sonwabiso Selana	Acting SM: Corporate Support	R 00.00
Livhalani Nemaungani	Acting: Company Secretary	R 00.00
Christopher Dyani	Acting: Chief Executive Officer	R 00.00
<b>Total</b>		<b>R2 936 953.03</b>

**COMPANY SECRETARIAL FUNCTION**

The Company Secretary has a key role to play in ensuring that Board procedures are followed and regularly reviewed. The Chairperson and the Board consult with the Company Secretary for guidance on Board responsibilities, under the rules and regulations as well as how these responsibilities should be discharged. All Directors have access to the advice and services of the Company Secretary and recognise that the Chairperson is entitled to support from the Company Secretary in ensuring the effective functioning of the Board. In the period under review, the City continued to second the resource to JOSHCO of the Acting: Company Secretary which ensured the facilitation of Board and Committee meetings and efficient management of the Company Secretarial Office.

**SECTION 2: HIGH LEVEL ORGANISATIONAL STRUCTURE**

This diagram demonstrates how the core business of JOSHCO feeds into the different divisions/departments within the organisation.



**Figure 2: Executive Committee Structure**

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

**SECTION 3: RISK MANAGEMENT**

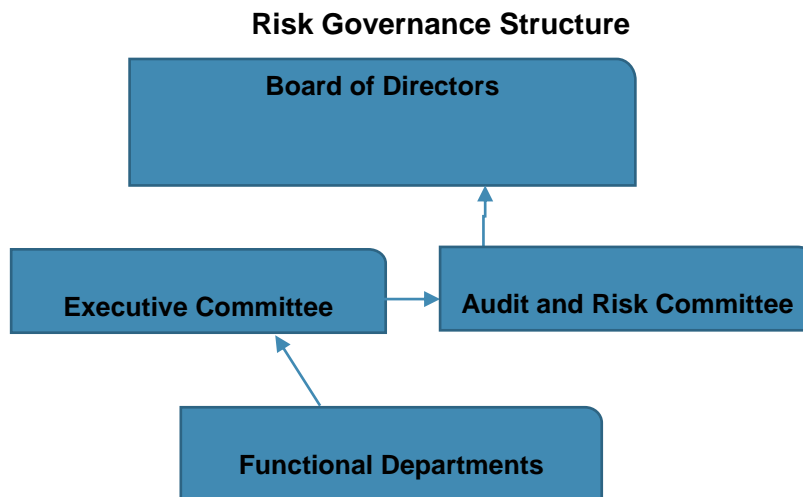
The objective of JOSHCO’s Enterprise Risk Management (ERM) programme is to affect an ERM process to reduce the total cost of risk, add maximum sustainable value to all activities of the organisation and, assist in achieving key strategic objectives. The Board and management undertook a risk assessment process to identify the risks facing the organisation in line with the strategy. The realisation of the strategic objectives depends on JOSHCO 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 JOSHCO 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 JOSHCO to a process of risk management aligned to

the King IV principle and, the Committee of Sponsoring of the Treadway Commission (COSO) Integrated Framework. The ERM methodologies are refined through continued research and development and, benchmarking against best practice.

### **Risk Escalation Methodology**

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



**Figure 3: Risk Governance Structure**

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

### **Strategic Risk Status**

#### **JOSHCO's Top 5 Risks:**

- Non-compliance to relevant regulatory and policy requirements;
- Capital budget cuts by the City resulting to JOSHCO not being able to meet market demand;
- Development projects not meeting the required standards resulting to poor quality of the product;
- Lack of customer centric; and
- Business interruption as a result of ageing ICT equipment.

#### **Emerging Risks and Other Risk Information**

In the period under review there were damages to JOSHCO's Devland Housing Project, with damages at an estimate of R1 million. There has also been an incident of community protest at the Turffontein project, which has prevented the new tenants of the project from selecting and occupying their allocated units. This has shown no damages to the property resulting in financial expenses, however this is preventing the project from being tenanted, thus causing delays in JOSHCO being able to bill for the property.

Another significant risk facing JOSHCO, is the vacancies in Senior and Executive Management positions. A regression in the AG Audit report for the 2017/2018 financial period already provides indication of the risks being faced by JOSHCO due to the lack of, or inconsistent management direction in the organisation.

### Progress in the Implementation of Mitigating Controls as at 31 December 2018

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 2018: -

**Table 8: Progress of the Implementation of Risk Controls as at 31 December 2018**

Risk Description	Mitigating controls identified to address the risks	Progress at 31 December 2018
1 Non-compliance to relevant regulatory and policy requirements.	<ul style="list-style-type: none"> <li>To undertake compliance reviews on a quarterly basis through the internal resources.</li> </ul>	<ul style="list-style-type: none"> <li>The internal resource has been transferred from the development department to the paralegal office. A compliance assessment has been conducted in the 2nd Quarter.</li> </ul>
	<ul style="list-style-type: none"> <li>Internal audit to include compliance review(s) as part of the audit plan in order to undertake compliance review audits from the second quarter of the current financial year.</li> </ul>	<ul style="list-style-type: none"> <li>The audit plan has been reviewed to include the compliance review quarterly, and in the third quarter, the first audit cycle of compliance will be undertaken with Housing Management</li> </ul>
2 Capital budget cuts by the City resulting to JOSHCO not being able to meet market demand.	<ul style="list-style-type: none"> <li>A revised capital budget report will be submitted to the City during the midyear adjustment process to seek the restatement of the budget for the existing projects such as Dobsonville.</li> </ul>	<ul style="list-style-type: none"> <li>A revised capital budget report has been submitted to the City during the midyear adjustment process to seek the restatement of the budget for the existing projects such as Dobsonville, Turfontein projects.</li> </ul>
3 Development projects not meeting the required standards resulting to poor quality of the product.	<ul style="list-style-type: none"> <li>Hold monthly meetings with contractors to ensure that, the progress of the projects is in line with the project specifications.</li> <li>Clerks of works to certify the quality of the work undertaken on a weekly basis.</li> </ul>	<ul style="list-style-type: none"> <li>Continuing with monthly meetings with contractors and Consultants on projects to ensure that, the progress of the projects is in line with the project specifications.</li> <li>Clerks of works employed on projects to certify the quality of the work undertaken on a weekly basis.</li> </ul>
4 Lack of customer centric culture.	<ul style="list-style-type: none"> <li>Appointment of SM: stakeholder management.</li> </ul>	<ul style="list-style-type: none"> <li>SM: Stakeholder management was appointed in the month of August 2018</li> <li>The SM has already undertaken the mandate of developing an organisational stakeholder engagement plan.</li> </ul>
5 Business Interruption as a	<ul style="list-style-type: none"> <li>Identify and equip a secure and accessible disaster recovery site</li> </ul>	<ul style="list-style-type: none"> <li>DR site solutions identified, server has been procured to provide</li> </ul>

Risk Description	Mitigating controls identified to address the risks	Progress at 31 December 2018
result of ageing ICT equipment.	<p>to respond to business interruption(s).</p> <ul style="list-style-type: none"> <li>• Undertake data restoration test on a monthly basis to determine the time it takes to recover information for preparedness and readiness of interruption(s).</li> <li>• Continue to backup information offsite for data security.</li> </ul>	<p>adequate DR solutions. DR Site to be hosted by MTC / COJ in dedicated DataCentre (Teraco)</p> <ul style="list-style-type: none"> <li>• Data restore tests are being conducted on a monthly basis</li> <li>• Sites have been identified. Antea will be used as a DR and Business Continuity Site, and City Deep will be used as a failover BC site, with dedicated link to automate daily backups to offsite Network Device. The equipment has been procured and is currently being configured for installation.</li> </ul>
6 Not meeting service delivery standards.	<ul style="list-style-type: none"> <li>• 96% maintenance request attended within 7 working days of logged call.</li> <li>• 98% of customer billing</li> </ul>	<ul style="list-style-type: none"> <li>• In the quarter under review, the housing management department achieved 96.11% attendance to maintenance requests within 7 days.</li> <li>• The revenue department collected 92% of revenue on billed customers, against a target of 100%.</li> </ul>
7 None compliance to revenue management policy.	<ul style="list-style-type: none"> <li>• Undertaking of revenue drives on a quarterly basis.</li> <li>• Introduction of the tenant portal in all JOSHCO projects.</li> </ul>	<ul style="list-style-type: none"> <li>• The revenue drives were undertaken through flexi-time schedules to allow credit controllers to meet with tenants after working hours.</li> <li>• The tenant portal which is function from the MDA has been introduced to Fleurhof riverside and Junction inclusive of Citrine Court.</li> </ul>
8 Fraud and corruption	<ul style="list-style-type: none"> <li>• Determine if the City has recorded any calls related to fraud or corruption under JOSHCO and investigate.</li> <li>• Check the zero-tolerance email account to determine if there are any fraud or corruption related email and investigate.</li> <li>• Continue to undertake fraud and corruption campaign for public awareness.</li> </ul>	<ul style="list-style-type: none"> <li>• We have made enquiries at the City and as at the date of this report, nothing was reported by the public through the City's hotline and the zero-tolerance email which is managed by JOSHCO.</li> <li>• No fraud or corruption related emails have been sent to JOSHCO in the period</li> <li>• The campaign was undertaken in conjunction with the JOSHCO project launches, and not independently.</li> </ul>
9 Injuries, fatalities and crime (during and post construction)	<ul style="list-style-type: none"> <li>• OHS officer to report monthly on the state of health and safety from projects and construction.</li> <li>• Housing Supervisors to report</li> </ul>	<ul style="list-style-type: none"> <li>• In the quarter under review, no OHS incidents have been recorded.</li> <li>• In relation to behaviour related to crime, no instances were reported by</li> </ul>

Risk Description	Mitigating controls identified to address the risks	Progress at 31 December 2018
	monthly on matters related to crime and lawlessness from projects	the Housing Supervisors and security remains vigilant.
10 Prolonged procurement process.	<ul style="list-style-type: none"> <li>Ensure that, all Bid Committee meetings are schedule in accordance to the bid documents received.</li> </ul>	Bid Specification & Adjudication Committees are regulated and in place. The standing Bid Evaluation Committee need to be nominated, approved and communicated to all officials in advance - the importance of the process also must be emphasised.

### Legends

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

Based on the above, the total percentage of actions implemented to mitigate the risks in the second quarter is 65% against a target of 100%. Management remains committed to dealing with the risks facing the organisation in an effective and diligent to ensure that risks are well management and remain within tolerance levels.

## SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATION

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 and enforces its Fraud Prevention Policy. Community members, tenants, and employees are encouraged to report possible instances or fraud activities that they may encounter through the organisational fraud hotline or the SMS (whistle blowers). **The fraud hotline number is 0800 002 587 or SMS 32840.**

Over and above the existing cases, there were no instance of fraud or corruption reported through the hotline, SMS managed by the City, and/ or the zero-tolerance email address which is managed internally.

### Management of Potential Conflicts of Interests

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

During the period under review one of the Board of Directors resigned due to potential conflict of interest that could have aroused when a company that she works for was appointed in the panel of professionals in one of the City's entities. The City's entities are allowed to use regulation 32 of the Supply Chain Management that allows for entities to utilize each other's panels of professionals and this becomes a challenge in an instance where one's company is doing business with City entities.

## **SECTION 5: INFORMATION AND COMMUNICATIONS TECHNOLOGY GOVERNANCE**

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

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

During the 2018/2019 Financial Year, JOSHCO ICT seeks to improve on its governance frameworks and universe, by adopting best practice frameworks to strengthen the following areas:

- Service Management;
- Security; and
- Business Continuity.

**JOSHCO ICT Department faces a few difficulties and constraints, as follows:**

### ***Resource availability (Human and Skills)***

The ICT department consists of 1 ICT Manager and 2 x IT Technicians. They provide governance services, and operational support to 130 staff members, spread over 27 sites.

To address this, JOSHCO has proposed new positions in the company Organogram, to assist the ICT department with technical management, support as well as provision of required services to JOSHCO, e.g. web-development and information management.

The CoJ Group ICT Department, under leadership from the new Group CTO, Mr. Cyril Baloyi, are embarking on a journey to enhance the unity of IT between all the CoJ departments and MOEs, by aiming to implement a centralised ICT function to the CoJ. This aims at providing adequate resources to all sections of the CoJ, as well as guiding an aligned, streamlined approach to ICT.

### ***Connectivity to systems and services at site offices and projects***

Due to the nature of JOSHCO's projects, as well as locations of the projects, there are difficulties with availability of infrastructure to provide connectivity at all projects. To address this, JOSHCO ICT has implemented the following controls:

- Site personnel have been equipped with mobile devices to provide 3G connectivity and allow the staff to have access to critical business systems when visiting tenants. This provides improved service delivery to JOSHCO's tenants.

- JOSHCO's ICT department is in talks with the Metro Trading Company (MTC), an entity of the COJ responsible for Broadband Management, to assess business possibilities and opportunities to incorporate the City's Smart City initiatives at JOSHCO projects. Budget requirements have been incorporated into the Midyear Budget Adjustments submitted to COJ and Council for approval. Some of the envisaged initiatives include:
  - CCTV and Biometric access at projects to provide a more secure and safe living environment for JOSHCO Tenants;
  - Wi-Fi services to ensure tenants can stay up to date with information and news, as well as access services from COJ;
  - Customer-focussed mobile App development to provide a central point of contact to JOSHCO services;
  - Access to training resources to enable our tenants to empower themselves to grow and improve their way of live.
- JOSHCO has approached the GSPCR department at COJ, to leverage on an existing agreement between COJ and University of Johannesburg, in order to provide an Online application system to apply for JOSHCO leases, to provide a more convenient, cost and time-efficient solution for prospective tenants. The proposed solution will provide both web and mobile based systems, as well as provide kiosks at each of JOSHCO's projects to enable all of its tenants and prospective tenants;

#### **Defined and implemented ICT Management practices**

JOSHCO ICT has been operating and functioning to address ICT needs, but not all processes have been aligned to best practices, and not all processes are documented adequately. This poses a risk with regards to reliance on key personnel and business continuity. To address this, JOSHCO has aligned its ICT Management to COBIT 5 practices, with an approved ICT Management Framework. All ICT business processes are being documented.

#### **JOSHCO ICT KPI**

As part of JOSHCO's Business Plan Scorecard for the 2018/2019 Financial Year, JOSHCO ICT is responsible for the following objective which relates to the improvement of the ICT infrastructure and governance as detailed in the table below:

- Improve ICT infrastructure and governance.

In order to achieve this objective, the JOSHCO ICT Department have developed an Annual Action Plan that includes the major projects that the ICT department is required to implement at JOSHCO.

The required projects are as follows:

- Implement Electronic Document Management System to all required departments;
- Implement Electronic Board-pack Solution;
- Provision of adequate ICT services at JOSHCO projects;
- Developing JOSHCO Intranet;
- Training and implementation of ITIL controls;
- Implementation of effective COBIT Governance Framework;
- Implementation of ISO 27001 Information Security Framework;
- Hosted Data Storage Solutions;
- Implement Managed MFP Solution;
- SAP Implementation;



- IT Asset and Service Management;
- Implement Effective Disaster Recovery Site and Solution;
- Online Leasing Applications;
- COJ Domain and Exchange transfer; and
- Site Office Infrastructure (CCTV & Biometric).

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. These goals are broken down into quarterly timeframes, based on the time periods required to implement these actions. The following table includes all of the items implemented by the 2<sup>nd</sup> quarter:

**Table 9: Status on the implementation of the ICT action plan as at 31 December 2018**

Project	Targets	Achieved	Status
Implement Electronic Document Management System to all required departments	4	3	Requirements identified and system configured to enable rolling out of the current M-Files EDMS system.
Implement Electronic Board-pack Solution;	3	1	Equipment currently in procurement phase.
Provision of adequate ICT services at JOSHCO projects	3	1	Awaiting completion of MFP tender process, as well as finalisation of Section 32 agreement for procurement of IT systems.
Developing JOSHCO Intranet	1	0	RFQ process completed. Received submissions exceed budget significantly. Process initiated to acquire assistance from COJ
Training and implementation of ITIL controls	2	0	ITIL training requirements submitted to HR. Training to be conducted in February 2019.
Implementation of effective COBIT Governance Framework	2	1	COBIT implemented in IT department. Plan in draft to assess the Finance Department.
Implementation of ISO 27001 Information Security Framework	1	0	Information Security Management System developed. Level 2 policies to be submitted with JOSHCO policy review.
Hosted Data Storage Solutions	1	0	COJ currently assisting with feasibility and solution viability in order to identify adequate solution to JOSHCO.
Implement Managed MFP Solution	3	0	MFP tender awaiting Adjudication phase to appoint new Service Provider.
SAP Implementation	3	1	COJ and EOH managing the migration process to SAP for entire COJ. JOSHCO scheduled to implement SAP by June.
IT Asset and Service Management	1	0	MTC providing demo on ITSM system. JOSHCO also in testing phase on 2 freeware ITSM solutions.
Implement Effective Disaster Recovery Site and Solution	3	1	New server procured, and servers currently being configured in order to

			implement Replication solution.
Online Leasing Applications	1	0	Project initiated with UJ to develop the Online Leasing Application solution.
COJ Domain and Exchange transfer	2	1	Process requirements identified. Awaiting confirmation on utilisation of on-premises COJ solution vs Cloud-based Azure solution.
Site Office Infrastructure (CCTV & Biometric).	2	1	Budget requirements included in the midyear Budget Adjustment.
<b>Total</b>	<b>32</b>	<b>10</b>	<b>31.25%</b>

The ICT target for the quarter is 50%, thus a variance of 18.75% is raised. The major attributing factors to the variance is the reliance on external parties (COJ, HR and SCM). Completion of current processes in place will move the achieved target to over 50% by end of January 2019. The only target(s) that pose a risk of not being met by June 2019, are:

- SAP Implementation – due to the delays in the project at COJ
- Site Office Infrastructure – reliant on the approval of budget adjustment in order to initiate the work projects. The nature of the project does require long implementation times due to the civil and infrastructure factors involved.

## **SECTION 6: COMPLIANCE WITH LAWS AND REGULATIONS**

During the quarter under review, the entity managed to resuscitate the exercise of compliance assessment. This was after two consecutive quarters of not reporting compliance level due to lack of capacity to undertake the assessment exercise. The quarterly assessment reflects that the entity is currently at 91% compliant with relevant legislations. The 9% shortfall is attributed to lack of some information when the assessment was conducted. Management is confident that going forward all relevant legislations will be assessed.

## CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

### SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

#### Summary

Housing Management is made up of four (4) line functions: Maintenance, Leasing Management, Portfolio Management and Community Development. Housing Management expected to report on five KPIs which are to:

- Create Expanded Public Works Programme job opportunities;
- Improve customer satisfaction levels to 86% customer satisfaction rating;
- Improve service delivery standards to 100%;
- Enhance financial sustainability through a 98 % occupancy rate and;
- Improve customer satisfaction through 100% implementation of the stakeholder programme.

The second quarter report outlined achievements, progress, challenges and interventions undertaken on Quarter two 2018/19.

### SECTION 2: SERVICE DELIVERY CHALLENGES

#### Development Projects Challenges

JOSHCO experienced a number of challenges with regards to the implementation of the Capital Projects Programme. These related to, amongst others, delays in procurement and legal challenges. These challenges have since been resolved. Furthermore, new projects have commenced in second quarter, namely, 50 Durban Street, 106 Claim Street and 16 Abel Street. These projects will contribute to JOSHCO annual achievements on social housing units developed at the end of the financial year.

#### Dobsonville Social Housing

The project encountered some delays relating to SMME disputes with the main Contractor in relation to payment delays. This was due to lack of budget for the project and JOSHCO is currently in a process to seek approval for budget adjustment at the beginning of third quarter.

#### Nancefield Project

The community of Nancefield protested against the implementation of the project ahead of Provincial Housing department project, resulting into delays in commencing with the project. After a number of stakeholder engagements undertaken by JOSHCO and the main contractor, an agreement was reached for the project to continue. However, at the time of reaching this agreement, the project budget had been re-adjusted downwards and re-prioritised to other performing projects. JOSHCO management is engaging the City of Johannesburg to review the project budget in order to commence with construction on site.

#### Lombardy Project

The main Contractor was appointed during 2015/2016 financial year. The neighbouring community raised an objection of the Environmental Exemption with the Planning Tribunal. Subsequent to this, JOSHCO implemented a full Environmental Impact Assessment and a Record of Decision was received in May 2017, authorising JOSHCO to proceed with construction. As JOSHCO and the main Contractor were preparing for works commencement on site, a High Court Notice to appeal from the Objectors against the City and the Municipal Planning Tribunal about the re-zoning and EIA process on the project has been received.

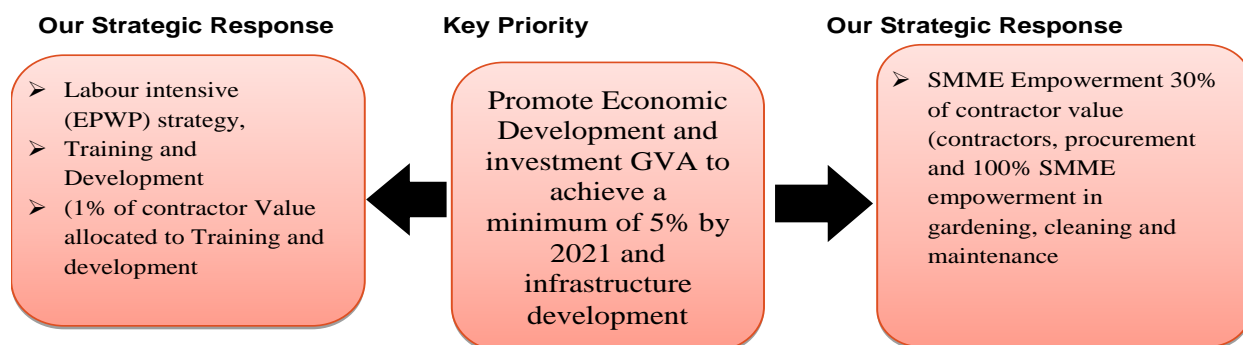
The Site hand-over has therefore been postponed until CoJ Legal department advises JOSHCO on how to proceed as the appeal is directed to the CoJ and the Municipal Planning Tribunal regarding a JOSHCO site. Due to the above- mentioned challenges, no units were planned from this project in the

2018/2019 financial year. JOSHCO management is currently engaging and canvassing community stakeholder for the project to continue.

### SECTION 3: RESPONSE TO STRATEGIC DIRECTION

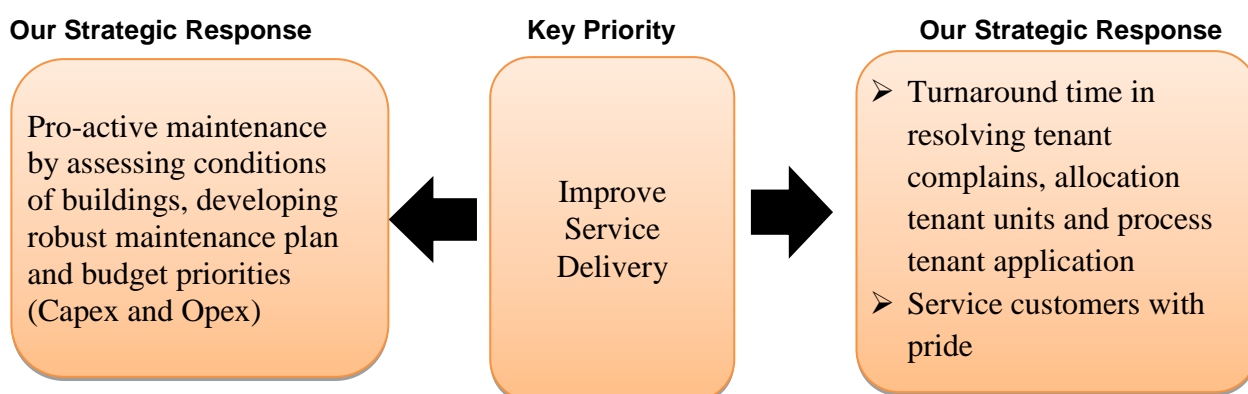
JOSHCO's strategic focus is aligned to that of the City and focuses on the following key Mayor's Priorities:

#### Promote Economic Development Investment GVA to achieve a minimum 5% by 2021 and Infrastructure Development



JOSHCO planned to invest about R 46,000,000 for the purchase of the Inner-City buildings and to convert these buildings into social housing, and as part of the student accommodation Inner-City regeneration. This will see JOSHCO investing at least 30% of that Capex to SMME empowerment, by creating labour intensive jobs through (Expanded Public Works Programme) and SMME packages. JOSHCO continues to allocate training budget of up to 1% of contract value for training and development programme to enhance skills and competencies where projects are implemented.

#### Improve Service Delivery



JOSHCO strives to improve the turnaround time in resolving tenant complaints, allocation of rental units to qualifying applicants and the time it takes to process applications. Pro-active maintenance will be achieved through the assessment of building conditions in order for JOSHCO to develop a robust maintenance plan and prioritise the budget (Capex and Opex). To achieve best customer services, JOSHCO will continue to undertake annual customer satisfaction surveys as these surveys provides management with sound results on how to address weakness in service delivery.

## Good Clean Governance

### Our Strategic Response

Review organisational policies and procedures to identify weaknesses in the control environment and mitigate the risk.

### Key Priority

Good Clean Governance

### Our Strategic Response

- Implement fraud and corruption campaign and conduct investigation of alleged fraud cases.
- Declaration of employee interest and proper vetting of employees and suppliers.

To ensure that, JOSHCO maintains a clean record of good governance, a fraud and corruption campaign plan is implemented robustly and any alleged case of fraud, corruption and/ or maladministration will be investigated without fail. Vetting of employees and suppliers is one of JOSHCO's strategy to ensure that JOSHCO employees are ethical and JOSHCO conducts business with reputable business institutions. JOSHCO reviewed its policies and procedures to ensure that, they align to improve mechanisms in the control environment and strengthen any control weakness to reduce risk exposure against non-achievement of business objectives.

## Pro Poor Development Providing Meaningful Redress Including Income and Spatial Income Inequality

### Our Strategic Response

- Increase the number of acquired buildings in the Inner City: -
  - ✓ Transitional unit for emergency,
  - ✓ Communal units'
  - ✓ Social housing,
  - ✓ Roof top gardens and,
  - ✓ Social amenities

### Key Priority

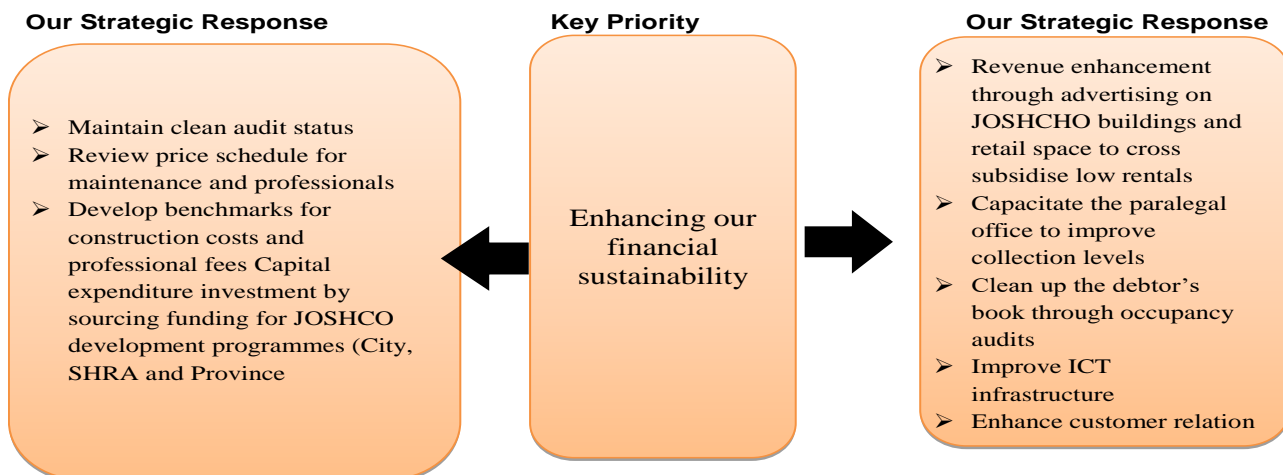
Pro-Poor development providing meaningful redress including income and spatial inequality

### Our Strategic Response

Increase number of affordable rental units

Addressing the housing backlog faced by the City and providing affordable quality rental housing is one of JOSHCO's paramount strategic objectives. The demand for affordable and quality housing has been rapidly increasing over the years and JOSHCO plans to address the demand through acquisition of more Inner-City buildings, bring people closer to the City's economic hub, medical institutions, public transportation and, urban living.

## Enhancing Our Final Sustainability



Financial sustainability provides assurance that JOSHCO will continue trading as going concern and have a healthy balance sheet. To ensure that, JOSHCO is able to increase its revenue and meet its financial obligations, JOSHCO will provide advertising space on its building to independent media companies, capacitate the legal office to improve capacity and efficiency, and deal with defaulting tenants. JOSHCO will further reduce the debtor's book in order to reduce the risk of debt write off and continue to source capital programmes funding from the City and Social Housing Regulatory Authority (SHRA). Customer relation management is one of the strategies JOSHCO will implement as an approach to encourage tenants to continue paying rental fees and to build better client relations.

### Inner City Buildings

The CoJ Housing Department and JOSHCO were during the quarter under review identified as key role players in contributing towards the regeneration of the Inner City by providing affordable rental housing and transitional emergency accommodation. The Transitional Emergency Accommodation has been successfully implemented through Fraser House project delivering a total of 104 units in the financial year 2017/2018. Pre-construction planning activities have commenced in the financial year 2018/2019 financial year on Malvern Place project to deliver a further Transitional Emergency Housing in 2018/2019 financial year. During the year under review, JOSHCO will implement a total of 260 units on various projects within the Inner City.

### Number of Units Developed in Quarter ended 31 December 2018

Noting that the KPI on "number of social units developed" is an annual target, JOSHCO has for monitoring purposes, developed a monitoring plan to measure its progress towards the achievement of this annual target at the end of financial year. In this manner, JOSHCO works towards percentage completion of units in various projects, as it may not be able to deliver units on a quarterly basis during the financial year. The percentage of completion will be measured on the basis of an acceptable construction level i.e. walls plastered, floor tiled, sanitary fittings and wind and door frames installed. In the second quarter of 2018/2019, JOSHCO has commenced with 106 Claim Street project consisting of 80 units, Roodepoort phase 2 consisting of 92 units and 50 Durban Street consisting of 104 units at completion.

**Table 10: Capital Projects Status Report as at 31 December 2018**

Project	Total unit yield	2018/19 Unit Yield	2018/2019 Budget	Qrt. 2 Actual Expenditure	% Spend	Actual Start Date	Planned Completion date	Qrt. 2 Plan	Qrt. 2 Actual
80 Plein Street	344	55	R 45 000 000	R 28 516 278.80	63.37%	01/08/18	31/11/2019	Builders work on progress, mechanical and electrical installation underway.	Achieved.
Nancefield Station			R 0.00	R 7 653 083.97	%	01/06/2016	31/06/2020	Settlement of outstanding Professional Fees for pre-construction work done by the Professional team.	Achieved.
Dobsonville Social Housing			R 0.00	R 57 241 682	%	06/10/2014	22/02/2019	Settlement of invoices of work done by the contractor as part of completing the works on the project.	Achieved.
Selby	0	45	R 25 000 000	R 98 000.70	0.39%	Not started.	Project programme to be reviewed and update once all approvals have been received.	Finalization of Re-zoning application process with City Planning department.	Achieved.
50 Durban Street	104	30	R 35 000 000	R 3 575 981.20	11%	01/10/18	30/09/19	Main Contractor to be on site, progressing with general Builder's works.	Achieved.
106 Claim Street	80	50	R 30 000 000	R 72 349.70	0.24%	01/11/18	1/11/19	Main Contractor appointment, commenced with site establishment. Procurement of Lift sub-contractor to be concluded.	Appointment of main Contractor concluded. Procurement of Lift sub-contractor to be concluded at the beginning of Q3.
Kliptown Housing Project	0	0	R 4 000 000	R 0.00	%	Not started	Project programme to be reviewed and confirmed once Professional team is appointed.	Appointment of Professional team to commence with pre-construction planning works.	Not achieved.
Golden Highway Social Housing-Devland	10	10	R 5 000 000	R 354 309,97	7.0%	Project has not started.	Project programme to be reviewed once budget has been confirmed to	To un-lock the phase 2 and commence with construction once project budget has been	Not achieved, due to lack of budget.

Project	Total unit yield	2018/19 Unit Yield	2018/2019 Budget	Qrt. 2 Actual Expenditure	% Spend	Actual Start Date	Planned Completion date	Qrt. 2 Plan	Qrt. 2 Actual
							commence with the project.	confirmed.	
Lombardy East	15	10	R 5 000 000	R 87 972.50	1.76%	Not started	Project programme to be reviewed once community objection has been resolved.	Engage the City Legal department to un-lock the project through addressing the objection lodged by local community against the project.	Not achieved in Quarter 2. Continuous engagement with City Legal department to continue in Quarter 3.
Turffontein Corridor	502	0	R 1 000 000	R 101 890.70	10.19%	To be confirmed once planning is confirmed.	Project programme to be reviewed once the Professional team has been appointed.	Appointment of Professionals.	Professional not appointed as Panel of Professionals has expired.
Inner City Rental Housing	0	0	R 46 000 000	R 5 199 292.89	11.30%	March 2017	June 2019	Multiple projects implemented in the inner city	Lift installation, mechanical engineering and fire compliance—Albert Street, Wolmarans and Fraser House
280 Smith Street	45	45	R 20 000 000	R 169 159,08	1%	01/01/19	Project to be on procurement stage to procure main Contractor.	Building Plan approvals.	Not achieved. Awaiting approvals
38 Rissik Street	30	30	R 1 000 000	R 54 707.80	6%	01/01/19	Project programme to be established once the Professional team for the project have been appointed.	Appointment of Professionals.	Not achieved due to lack of Panel of Professionals.
Booyens place	40	40	R 35 000 000	R 54 707.80	0.16%	01/01/19	Project programme to be established once the Professional team for the project have been appointed.	Appointment of Professionals.	Not achieved due to lack of Panel of Professionals.
8-16 Abel Street	257	30	R 35 000 000	R 6 180 028.00	17.66%	10/04/17	30/06/19	Finalization of	Achieved.



Project	Total unit yield	2018/19 Unit Yield	2018/2019 Budget	Qrt. 2 Actual Expenditure	% Spend	Actual Start Date	Planned Completion date	Qrt. 2 Plan	Qrt. 2 Actual
								procurement of main Contractor and site hand-over.	
Randburg Selkirk			R 0.00	R 72 455.98	%	01/03/2016	31/06/2020	Re-tendering of the project.	Not achieved. Procurement process to be implemented in Quarter 3, once the budget has been confirmed.
Turfontein Social Housing Project			R 0.00	R 12 610 153.74	%	01/04/2016	31/08/2018	Handover of units and leasing process commencement.	Achieved.
Roodepoort Phase 2	92	92	R 0.00	R 292 453.67	%	15/10/2017	31/06/2019	Site hand-over and construction commencement.	Achieved.
Malvern	15	15	R 5 000 000	R 100 892,37	2.02%	To be established once planning is concluded	Project to be reviewed once there is a valid Panel of Professionals.	Appointment of Professionals.	Not achieved due to lack of Professional team.
CoF Marlboro South	0	0	R 5 000 000	R 0.00	%	To be confirmed once planning is confirmed.	Project programme to be reviewed and updated once the Professional team has been appointed.	Appointment of Professionals.	Not achieved due to lack of Panel of Professionals.
Chelsea Social Housing	0	0	R 15 000 000	R 56 811.70	0.38%	March 2017	June 2019	Complete design and specification	Design work in progress.
City Deep	0	0	R 3 000 000	R 837 532.47	27.92%	January 2018	End of June 2019.	Design for additional structures	Done
Pennyville	0	0	R 6 000 000	R 163 075.50	3%	June 2018	End of June 2019.	Scoping for maintenance work	Done
Kliptown Square			R 0.00	R 58 280.90	%	1 July 2018	30 June 2019	Town Planning and property transfer to beneficiaries.	Achieved.
		<b>360</b>	<b>R321 000 000</b>	<b>R 123 551 101.</b>	<b>37%</b>				

During the budget preparation process, a number of committed projects were excluded and the company must honor the payments for the works completed. In order to correct this, a reprioritization process has been undertaken which will feed into the budget adjustment process. Tabulated below is the capital project reprioritization.

**Table 11: Reprioritized Projects**

Project	Total unit yield	2018/19 Unit Yield	Project Start Date	Project Completion Date	2018/2019 Budget
80 Plein Street	344	140	20 August 2018	31 November 2019	R45 000 000,00
Selby	0	20	1 November 2018	31 November 2019	R25 000 000,00
50 Durban Street	104	60	8 October 2018	31 November 2019	R35 000 000,00
106 Claim Street	80	50	1 November 2018	31 November 2019	R30 000 000,00
Roodepoort Phase 2	92	92	February 2018	30 October 2019	R13 000 000,00
Nancefield Station	0	0	June 2016	June 2021	R9 000 000,00
Dobsonville	0	0	November 2014	31 October 2018	R60 000 000,00
Turfontein	0	0	April 2016	30 November 2018	R17 000 000,00

**CAPITAL PROJECTS AND EXPENDITURE**

JOSHCO has been allocated a budget of R 321 Million funded from CoJ Loans, Urban Settlement Development Grant, and National Provincial Grant. At the end of the 2nd quarter, JOSHCO spent 37% of the Capex budget against a target of 30%. The over-achievement of 7% is mainly attributed to projects that commenced in the second quarter of 2018/2019 financial year. All projects that were under implementation were completed in the previous financial year and JOSHCO is commencing with new projects in the financial year.

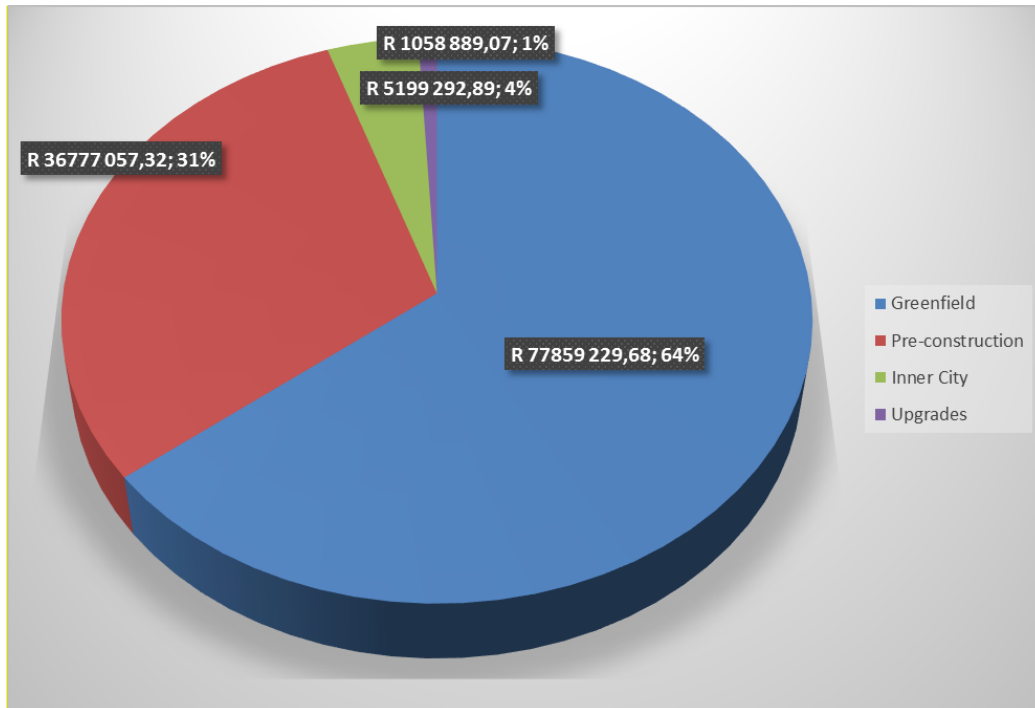
- i. Greenfields projects;
- ii. The Inner-City re-generation programme by purchasing and refurbishing buildings; and
- iii. Up-grades programme.

During the second quarter, JOSHCO spent 37% of its capital budget. This over-achievement is mainly attributed to lack of projects that commenced with implementation stage during the second quarter of 2018/2019, since all JOSHCO capital projects reached practical completion level in the previous financial year. JOSHCO is at the initial stages with projects to be delivered at the end of the current financial year.

**Table 12: Below table reflects the capital expenditure categories as at 31 December 2018**

Greenfield	Pre-construction	Inner City	Upgrades
R 77 895 229,68	R 36 777 057,32	R 5 199 292,89	R 1 058 887.07
24.26%	11.46%	1.62%	0.33%

**Expenditure graph as at 31 December 2018.**



**Figure 4: Capital Expenditure**

## SECTION 4: PERFORMANCE AGAINST SERVICE DELIVERY STANDARDS

### Performance Overview as at 31 December 2018




Achievement on Housing Management KPIs were dependent on the performance of Maintenance management, Leasing Management, Portfolio Management and Community Development. Housing Management achieved 96.11 % on turnaround which is 0.11% above Service Delivery Standard, 91.06 % on Occupancy rate which is 3.94% lower than the first quarter, 74% implementation of the stakeholder plan which is 24% above the planned 50%. According to the JOSHCO scorecard Housing Management expected to report EPWP jobs created and Customer Satisfaction rating at the end of the fourth Quarter of 2018/19.

**Table 13: Service Delivery Challenges**

Challenges	Interventions
<b>Leasing Management:</b> Poor Process handling; MDA data lacks integrity; Poor allocation of units; Political interference in allocations	Implement Internal Audit recommendations on leasing process; consequence management; Participation in the SAP project and exploring partnership with MTC to improve data integrity
<b>Maintenance:</b> Community Protests; Poor Quality of projects from Gauteng Province	Design stronger SLAs for project take on from Gauteng Province; Improving stakeholder relations; Increase Planned maintenance program funding
<b>Portfolio Management:</b> Political interference on tenant relations; Tenant demanding ownership of JOSHCO units	A broader stakeholder relations programme Which includes the MMC, Councillors and Civic organisations
<b>Community Development:</b> Lack of funding	Develop a JOSHCO Community Development funding model

## SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

### Legend:

	Target for the year has been met and performance on track.
	Target for the quarter has not been met; but progress is being made. Close management is required.
	Less than 50%, problems are being experienced and intervention is required.

**Table 14: Performance against Predetermined Objectives as at 31 December 2018**

Objective	Key Performance Indicator	Total target for the year 2018/19	Q2 Target	Q2 Actual	Variance	Mitigation Actions
Increase the number of buildings acquired and refurbished in the Inner City.	% Capital budget spent on rental housing infrastructure	95% Capital budget spent on rental Social Housing Infrastructure	30%	37%	+7%	

Objective	Key Performance Indicator	Total target for the year 2018/19	Q2 Target	Q2 Actual	Variance	Mitigation Actions
Increase social housing projects within the transport nodes						
Enhance financial sustainability	Achievement of selected profitability and liquidity ratios.	Current Ratio: 1.5:1	1.5:1	0.95:1	- 0.55	CAPEX claims to the CoJ to be processed in January 2019 in order to improve the sweeping account balance therefore increasing current and total assets.
		Solvency Ratio: 1:1	1:0:1	0.97:1	- 0.03	
Improve the control environment (policies, systems and procedures)	Achievement of selected efficiency and service delivery ratio	Remuneration to Operating expenditure (Opex) up to 30%	30%	29%	+1%	
		Maintenance expenditure up to 20% of Opex budget	20%	15%	+5%	
Enhance financial sustainability	% Collection of debtors in respect of rentals	90% Collection of debtors in respect of rentals.	90%	92%	+2%	
	% successful litigation matters	100% successful closure of rent defaults dispute, through debt collection or rental tribunal	50%	62%	+12%	
Improve the control environment (policies, systems and procedures)	Unqualified audit opinion with no emphasis of matter	Unqualified audit opinion with no emphasis of matter	Unqualified audit opinion with no emphasis of matter	Unqualified audit opinion with emphasis of matter		Implementation of audit action plans
	% implementation of corrective action against identified risks.	100% implementation of corrective action against identified risks	100%	65%	-35%	Management will continue to monitor progress implementation and ensure that, the target is achieved.
	% Implementation of corrective action against audit	100% Implementation of corrective	100%	71%	-29%	Management will continue to monitor progress implementation

Objective	Key Performance Indicator	Total target for the year 2018/19	Q2 Target	Q2 Actual	Variance	Mitigation Actions
	findings.	action against audit findings.				and ensure that, the target is achieved.
	% Compliance to laws and regulations.	100% Compliance to laws and regulations.	100%	91%	-9%	Management to conclude all compliance assessments
Inculcate a culture that enables and encourage staff discipline and performance	% of implementation of the HR strategy	100% of implementation of the HR strategy	50%	50%	-	
Increase number of buildings acquired and refurbished for affordable housing in the Inner City.  Increase Social Housing projects within the transport node	Number of Social housing units developed for the disadvantage beneficiaries.	360 Social housing unit developed for the disadvantage beneficiaries	N/A	-		Not due for reporting in this period
Number of Expanded Public Works Programme opportunities created	Number of Jobs created for the unemployed through EPWP	3500 Jobs created for the unemployed through EPWP	N/A	-		Not due for reporting in this period
Improve customer satisfaction level	% Customer satisfaction rating.	86% Customer satisfaction rating.	N/A	-		Not due for reporting in this period
	% achievement of service level standards.	100% achievement of service level standards	100%	75%	-25%	Leasing department to review Enquiry processes to ensure timelines can be met
Enhance financial	% occupancy rate	97% occupancy rate	97%	91.06%	-5.94%	Internal audit completed its report in relation to the

Objective	Key Performance Indicator	Total target for the year 2018/19	Q2 Target	Q2 Actual	Variance	Mitigation Actions
sustainability						challenges faced by the leasing unit and, Housing Management is in process of implementing the recommendation(s) to aid the efficiency of the unit.
Improve customer satisfaction level	% Implementation of a stakeholder engagement plan activities	100% Implementation of a stakeholder engagement plan activities	50%	74%	+24%	
Improve service delivery	% Implementation of a Communication plan activities	100% Implementation of a Communication plan activities	50%	50%	-	
Improve the control environment (policies, systems, and procedures)	% investigation on reported cases of corruption	100% investigation on reported cases of corruption.	10%	10%	-	
Contribute towards economic development through BEE empowerment	% of CAPEX spent on 51% Black owned companies	30% of CAPEX spent on 51% Black owned companies	30%	71%	+ 41%	
Improve ICT infrastructure and governance.	% Implementation of ICT action plan to support business efficiency	100% implementation of ICT action plan	50%	31.25%	18.75%	Some of the major controls to implement include the appointment of printing supplier, as well as implementing the COJ and MTC solutions, which are set to be implemented by 3 <sup>rd</sup> quarter





## PERFORMANCE AGAINST INSTITUTIONAL SDBIP AS AT 31 DECEMBER 2018

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.

**Legend:**

	Target for the quarter has been achieved and performance is on track
	Target for the quarter has not been met but, progress is being made 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

**Table 15: Performance against Institutional SDBIP as at 31 December 2018**

Key Performance Indicator/s	Target for the Quarter 2 target	Annual Achievement		
		Year to date Achievement in the quarter	Performance Assessment Status	Remarks/ Mitigation
<b>STRATEGIC ASSESSMENT (SDBIP)</b>				
Number of social housing units developed	-	-	N/A	Not due for reporting as this is an annual target
<b>OPERATIONAL COMPLIANCE</b>				
Internal Audit Findings Resolution	100%	71%		The percentage achieved is as a result of added internal audit findings from the 2017/18 financial year.
<b>SERVICE DELIVERY</b>				
Number of Jobs created for the unemployed through EPWP	-	-	N/A	Not due for reporting as this is an annual target
% achievement of Service Level Standards.	100%	89.28%		Leasing department to review Enquiry processes to ensure timelines can be met
<b>FINANCIAL PERFORMANCE</b>				
Revenue Collection/ Losses	90%	92%		None
Capital Expenditure	30%	36.8%		None

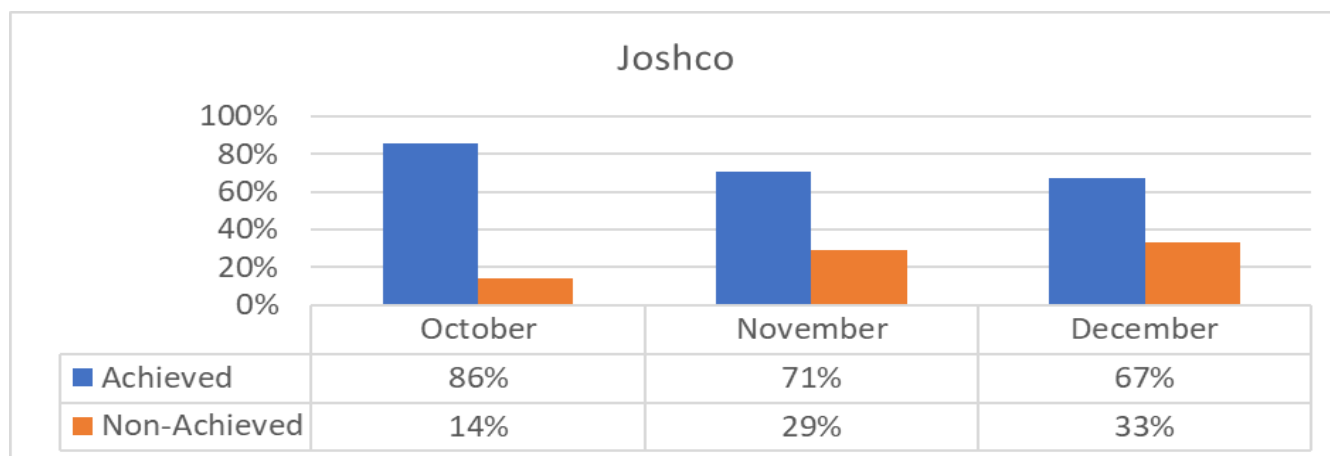
**PERFORMANCE AGAINST SERVICE LEVEL STANDARDS AS AT 31 DECEMBER 2018**

JOSHCO reports on performance against 7 pre-determined targets for Service Level Standards. These targets relate to the following core services:

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



Due to an influx of housing enquiries by the public, with the launch of the Turffontein and Hoek Street Projects, JOSHCO could not meet the target for turnaround within 5 days of receipt. This is mainly due to the limitations in staff resources as well the manual process for capturing and attending to Leasing Enquiries.



The chart above indicates JOSHCO’s performance against Service Level Standards targets for the second quarter, which shows a decline in performance. JOSHCO will endeavour to identify and implement adequate controls to ensure that these targets can be met going forward.

**Table 16: JOSHCO Service Level Standards Performance**

Core Service	Service Level Standard Target	Oct	Nov	Dec	Status	Verified
Billing of customers	98% accurate bills of all active customers	98% (8609/8803)	97,8% (8655 of 8849)	97.8% (8655/8849)	😊	Yes
Attending to requests for maintenance	96 % of maintenance requests attended within 7 working days of the logged call	96% (391/409)	94% (299 of 319)	96% (118/122)	😊	Yes
Routine building maintenance	Once per year and as when required	86% (6/7)	100% (3 of 3)	N/A	N/A	
Application of rental housing	Outcome of enquiry to be sent to application within 5 days	15 days	24 days maximum	37 days	😞	Yes
Application of rental housing	Outcome of the application communicated within 7 days	1 day	1 day	4 days	😊	Yes
Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 hours (607 emails sent)	554	24 hours (273 emails sent)	😊	Yes
Resolution of complaints	Resolution within 5 working days of logged call	5 working days (605/606)	552 of 554	5 working days (37/273 calls)	😞	Yes

### JOB CREATION, STAKEHOLDER MANAGEMENT AND ENGAGEMENT

JOSHCO is set on improving its relationship with customers by encouraging conversations and interactions between the parties. Although there are many opportunities for JOSHCO to talk to the customers via, emails, telephone call, walk in clients and letters, we have not in the past made the effort to build a relationship with the customer. Information is provided on request a minimal and to

blunt manner not allowing for further interaction in the tone that was used. This has taken a 180 degree turn around since the implementation of the Customer Service Unit. Electronic mails and telephone calls from customers regarding anything and everything related to JOSHCO's business is directed to this unit. Since there was no budget for the unit in this financial year contingencies were made to ensure that the customers see a definite change in the culture and manner in which their queries are managed. Queries to [Info@joshco.co.za](mailto:Info@joshco.co.za) and [Leasing@joshco.co.za](mailto:Leasing@joshco.co.za) are directed to Ms Reynolds, who responds to each matter. The climate created is welcoming and honest. Customers have responded positively and with enthusiasm as opposed to the usual stigmatic allegations of corruption and Public servant arrogance. Customers receive an auto reply from the system acknowledging receipt of their query. Just this step has been a positive change since the customer knows that their query was sent to correct place and it will be handled within seven days as far as possible. All emails received as well as all responses are filed for record and future reference. There is no query which does not receive a response even if the email was misdirected as is sometimes the case. An email to all staff was sent out inviting feedback and input into the customer service charter which is designed to regulate certain behaviours and attitudes throughout JOSHCO. The intention is to have every employee whether at head office or on site, treat our customers in a very specific way, which exudes Ubuntu and professionalism.

### Staff Training on Stakeholder Management

A measure which can be put into place during this financial year under the budget constraints can be the staff training and the signing of the Customer Service Charter. Management need to agree on standards which are set and then instilled in all staff. This would be beneficial to go into the new financial year with a new, positive attitude rather than seeing the customer as a nuisance.

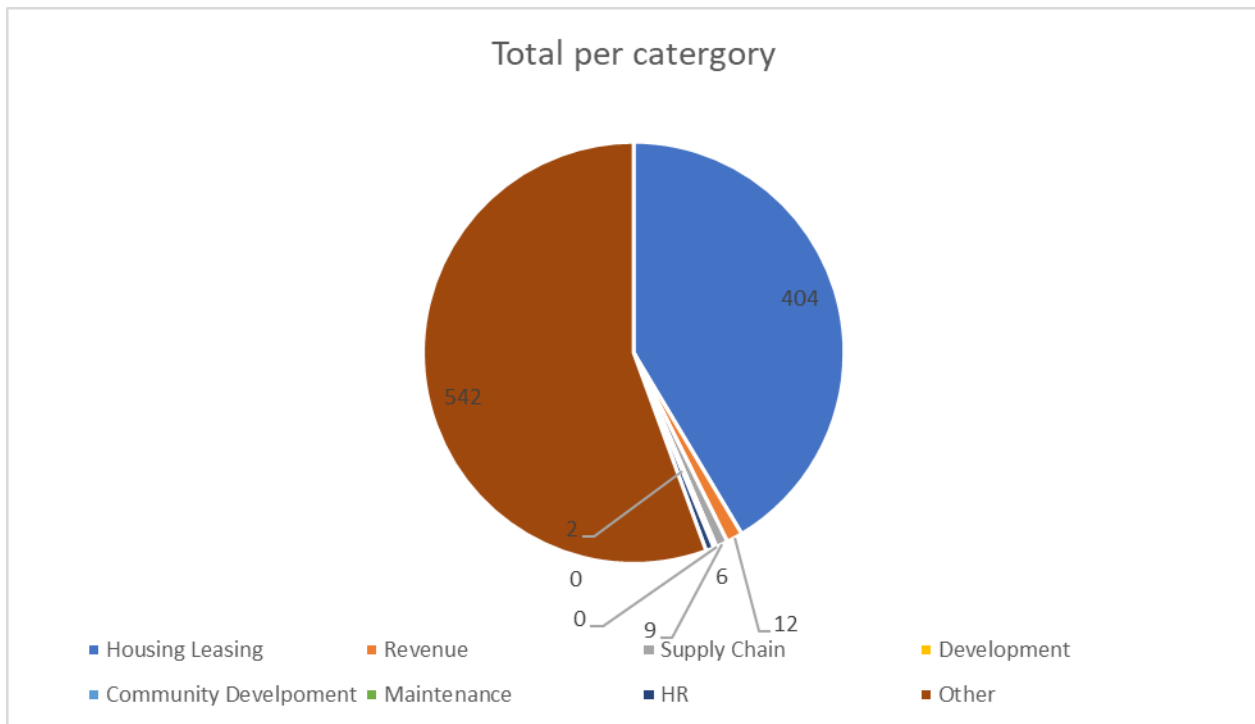
Benefits of training the JOSHCO team:

- Everyone has bought into the Customer Centric Mindset
- All employees Top down and Bottom up speak in one united voice
- There is a set standard for interactions with customers
- Interactions are recorded for future reference
- Respect for each other internally and externally
- A professional image is created

The above will benefit JOSHCO.

**Table 16: Summary of Customer Queries as at 31 December 2018**

Type of complaint/ Query	July	Aug	Sept	Oct	Nov	Dec	Total per category
Housing Leasing	91	318	190	148	219	37	1003
Revenue	0	0	5	6	6	0	17
Supply Chain	3	0	6	4	5	0	18
Development	0	0	0	0	0	0	0
Community Development	2	0	0	0	0	0	2
Maintenance	2	1	0	1	1	0	5
Other	8	1	29	225	323	0	586
<b>Total per month</b>	<b>106</b>	<b>320</b>	<b>230</b>	<b>380</b>	<b>554</b>	<b>37</b>	<b>1631</b>



**Figure 5: Customer Queries**

The most queries received were for Leasing. This is normal considering that this is JOSHCO’s line of business. Although the “Other” category appears to be higher, it is because of the queries received for leasing via social media i.e. Facebook and Twitter.

The main queries were for the new projects which were Dobsonville, Turffontein, Devland, Hoek Street, Phoenix House and South Hills.

**MARKETING AND COMMUNICATION**

This section of the report highlights JOSHCO’s performance on Marketing and Communication objectives for the quarter under review. This is one of JOSHCO’s strategic management function and an integral part of its daily operations to ensure well-coordinated, responsive and effectively managed interventions aimed at improving communication with all stakeholders. The company’s innovative and distinctive methods of engagement and integrated communication functions within the organisation, boosts the implementation of corporate strategic activities that promote the JOSHCO brand and visibility publicly and within projects.

**STAKEHOLDER MANAGEMENT AND ENGAGEMENT**

JOSHCO’s strategy to directly engage with stakeholders by establishing collaborative planning boosts the entity’s effort to create concerted relations across board. This approach enables stakeholders to express their needs and expectations openly and in a sound manner, meanwhile heightening the company’s good reputation.

**External Events**

The company delivered one (1) Awareness Campaign namely: 16 Days of activism against abuse women and children.

## **OPEN DAY X 2- 19 OCTOBER AND 15 NOVEMBER TURFFONTEIN**

JOSHCO held open days for Turffontein enquiries on 19 October and 15 November 2018. In total the enquiries received over both open days were 5107.

## **LAUNCH OF TURFFONTEIN**

The official launch of Turffontein took place on 20 November 2018. The Executive Mayor, Councillor Herman Mashaba cut the ribbon and announced that he will be pleased to have the first units occupied before Christmas. Some community of Turffontein were present and they expressed how excited they are to be able to occupy the units within this year.



## **LAUNCH OF HOEK STREET PROJECT**

On 11 December 2018 the Executive Mayor, Councillor Herman Mashaba also officially launched the Hoek Street project. Tenants were handed over their key by the Executive Mayor, Councillor Herman Mashaba, MMC for Housing Councillor Meshack Van Wyk and Ward Councillor Xaba



## **Internal Events/ Staff Engagements**

Staff events which included the Fun run and the Year-end event were cancelled due to financial constraints

## **Staff Engagement/ Events**

### **Staff Meeting**

There were 3 Staff meetings held over the 1<sup>st</sup> and second quarters.

## **Projects Site Visits**

On 18 and 19 October 2018, the CEO along with the members of Exco visited, Botlhabela, Europa House, and Pikitup Building, to do a general inspection and find out what the tenant concerns are.



### Media Tour Hoek and Fraser and Albert

Joshco together with the City of Johannesburg went on a tour visiting buildings which were once hijacked. Many of these buildings will be handed over to JOSHCO to refurbish and manage.



### Corporate Communication Products and Publications

Communication products assist to keep JOSHCO stakeholders abreast with the company's plans and service offerings. Publications and promotional materials have proven to be the most effective way of communicating key messages to a broader spectrum. The company produced and distributed Thirty-Nine (39) products amongst its internal and external stakeholders.

### Digital Communication Platforms

JOSHCO has optimised its communication and marketing strategy by driving its digital marketing and Communication platforms. Unlike TV and print media, JOSHCO's website and social media platforms allow personalised advertising and communication targeting a large audience and is reached in a cost-effective and measurable approach.

**Table 18: Media Communication Platforms Summary as at 31 December 2018**

Social Media Platforms	Followers/Subscriptions	Posts Videos
Website: <a href="http://www.joshco.co.za">www.joshco.co.za</a>	Active	Updated
Facebook: Joshco CoJ	2929 Friends	
You Tube channel		19
Twitter: @myjoshco		457

Publication Type	Source	No	Targeted Stakeholders
JOSHCO Newsletters	Internal Staff Newsletters	2	Staff Members
Project Newsletters	Raschers, Bellavista, Citrine Court, Orlando West, Jabulani, Orlando Ekhaya, AA House, Community Development, Kliptown Square, Kliptown Golf Course, Selby, La Rosabel, Fleurhof Junction, City Deep	17	Tenants
Information Printouts	Brochures, Flyers (3), Posters (3)	5	General Public, Tenants
Media Releases /Advertorial	Media releases developed & distributed: Turffontein, and Hoek Street	2	General Public, Tenants, Media and Staff
<b>Total Distributed</b>		<b>22</b>	<b>All stakeholders</b>

### Media Liaison and Monitoring

This section highlights media articles and interviews on JOSHCO. Media Monitoring is a strategic function aimed at assisting the company to effectively manage the public's perception, protect the entity's reputation and improve media relations by proactively engaging the media and public on issues that have the potential to damage the entity's reputation.

### Media Interviews/ Advertorials / Releases

Two (2) Media Releases distributed during the quarter. Media tour x1

- Hoek Street Launch
- Turffontein Launch
- Media Articles totalled 5.

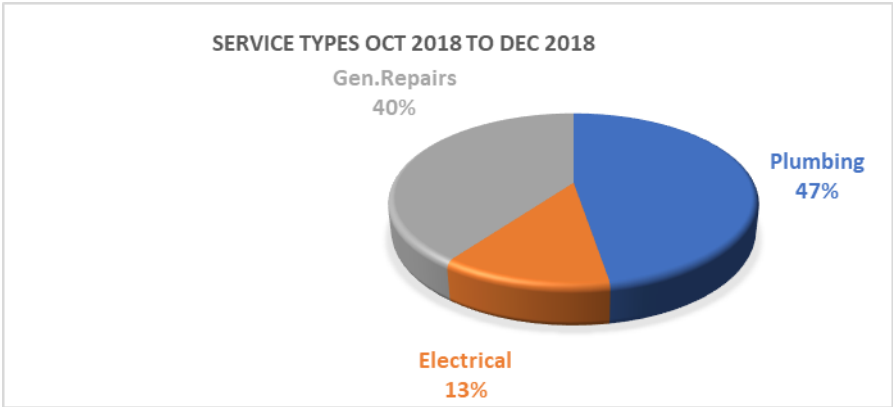
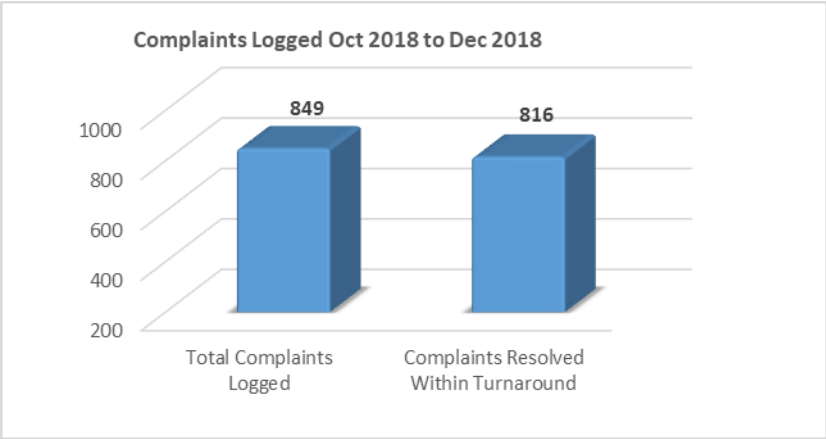
## SECTION 6: PERFORMANCE AGAINST SERVICE STANDARDS (DETAIL)

### MAINTENANCE

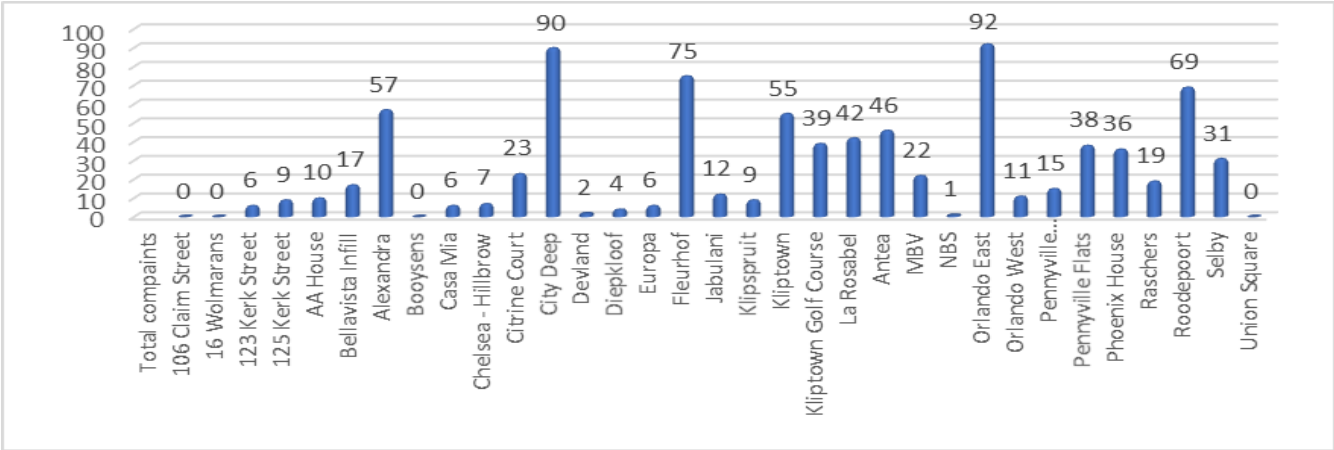
The total maintenance cost incurred for the quarter amounted to R2 512 797. A total of 849 responsive jobs were logged between October 2018 and December 2018 at a cost of R 1 769 090, and R 743 706 was spent on planned maintenance programmes. The SDA key performance indicator of 96% relating to the number of maintenance cases closed within turnaround of seven (7) days was achieved with 96.11% being reached. The repairs and maintenance comprise of:

- Common area and grounds maintenance;
- Vacancy re-instatement maintenance;
- Responsive maintenance.

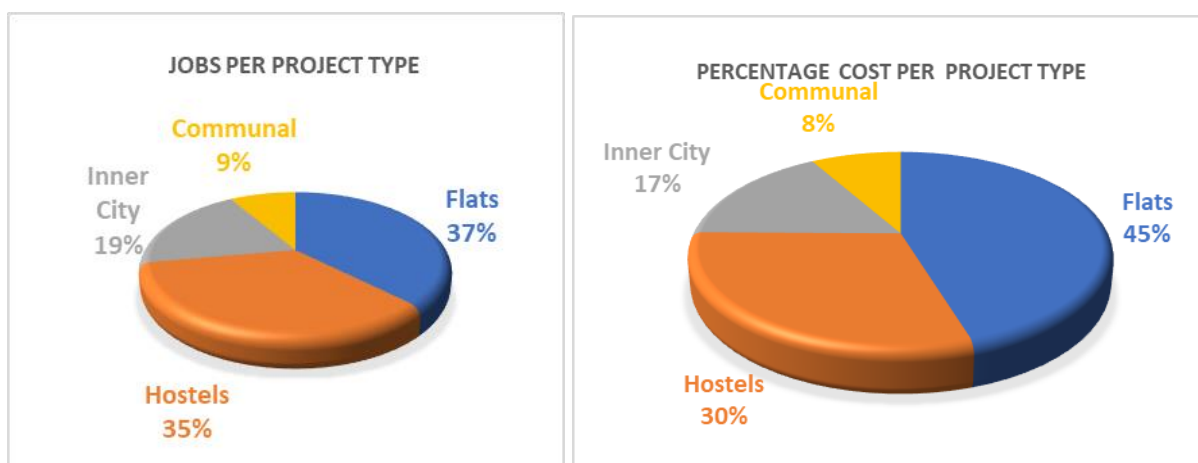
The graph below shows a total of 849 jobs were logged during the quarter with 816 complaints resolved with turnaround times.



**Total jobs per project**



The graph above shows the total number of jobs per projects. The main part of jobs logged relate to general maintenance and plumbing in City Deep, Fleurhof and Orlando East.



The above charts show flats and hostels logged more jobs compared to Inner city projects and communal units hence the cost of maintaining flats is the highest followed by hostels whilst the communal units required the least cost of maintenance during this quarter. This is largely due to planned maintenance done on communal.

**Table 19: Reason for maintenance expenditure**

Project	Reason for maintenance expenditure	Interventions
City Deep Conversion	<ul style="list-style-type: none"> <li>The City deep jobs originate from the City deep Flats and converted family units .The units are part oldest portfolio and requires extensive maintenance .</li> <li>Geyser failing due to reaching the end of life cycle are often logged which are costly to replace</li> </ul>	<ul style="list-style-type: none"> <li>Housing Development department are currently carrying out refurbishment programme to restore the units in a good standard</li> </ul>
Orlando west	<ul style="list-style-type: none"> <li>The jobs relate to door locks and electrical plug points failing and requiring replacement</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance conduct the quality check to ensure that the sub-standard locks and plugs are replaced with high quality items.</li> </ul>
Kliptown Square	<ul style="list-style-type: none"> <li>Cost drivers are due to several units requiring re-instalment .The units are often had the same resident staying for numerous year and requir extensive repairs to refurbish for new tenant.</li> </ul>	<ul style="list-style-type: none"> <li>Recoveries from the tenants deposit although deposits not always sufficient cover the cost</li> </ul>
Fleufhof	<ul style="list-style-type: none"> <li>Poor construction standards</li> </ul>	<ul style="list-style-type: none"> <li>Monthly meeting with development and reviewing of handover process</li> </ul>

**Table 20: Project Unplanned Maintenance Costs**

Project Name	% of Total Cost	Total Cost	Project Name	% of Total Cost	Total Cost
16 Wolmarans	-	-	Jabulani	1%	19 171
123 Kerk Street	1%	11 336	Klipspruit	1%	11 697
125 Kerk Street	1%	14 316	Kliptown	11%	197 802
AA House	2%	57 067	Kliptown Golf Course	4%	64 640
Alexandra	7%	129 126	La Rosabel	5%	87 744
Antea	7%	116 093	MBV	2%	34 929
Bellavista Infill	2%	34 272	NBS	Less than	6 286

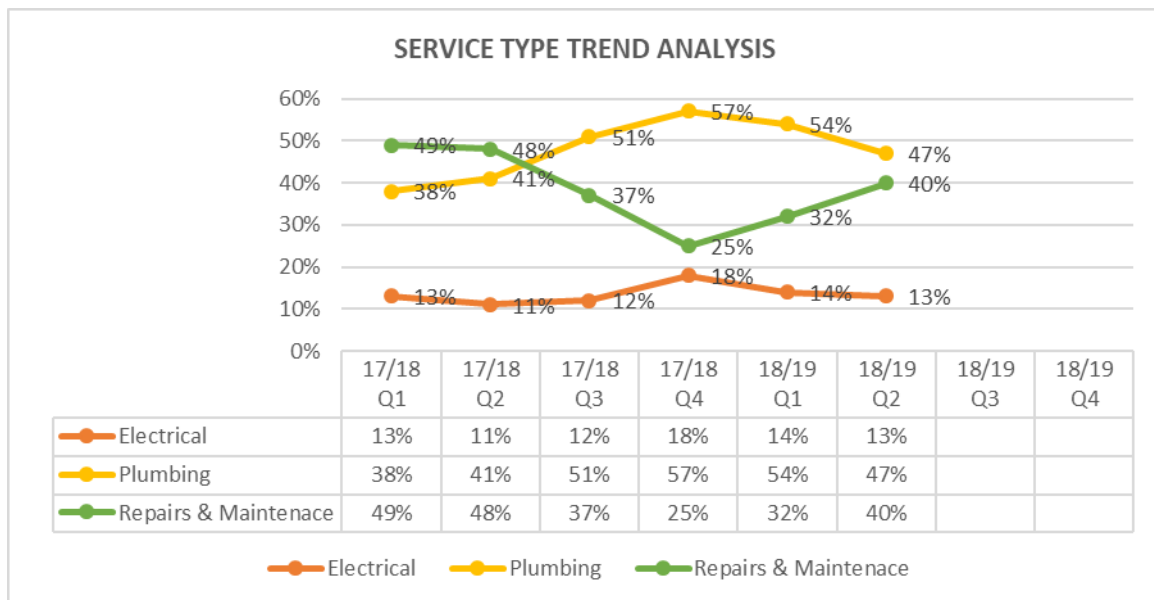


				1%	
Booyens	-	-	Orlando East	5%	80 777
Casa Mia	Less than 1%	5 820	Orlando West	2%	38 202
Chelsea - Hillbrow	Less than 1%	5 219	Pennyville Communal	1%	17 079
Citrine Court	2%	40 860	Pennyville Flats	3%	60 415
City Deep	11%	200 330	Phoenix House	1%	15 806
106 Claim Street	-	-	Raschers	2%	34 812
Devland	1%	16 968	Roodepoort	11%	191 438
Diepkloof	1%	12 608	Selby	3%	51 517
Europa	1%	19 266	Union Square	-	-
Fleurhof	11%	193 495			
			<b>Grand Total</b>		<b>1 769 091</b>

**Table 21: Unplanned Maintenance Costs vs Budget**

Quarter	Cost YTD	Cost Per Quarter	Total Units	Cost Per Unit	Cumulative Cost Per Unit
1 <sup>st</sup>	R2 548 070	R2 548 070	7479	R341	R341
2 <sup>nd</sup>	R4 317 161	R1 769 091	7479	R237	R577
3 <sup>rd</sup>	-	-	-	-	-
4 <sup>th</sup>	-	-	-	-	-

The above table shows that the total expenditure for the quarter was lower than expected due to the contract of the panel of service providers having expired. There have been delays to appoint new panel been due to time required to evaluate the large number of bids that were submitted which were over three hundred (300). SCM has requested more support from the departments and additional members selected to evaluate the bids.



The graph above shows the percentages of costs per service type in comparisons with other quarters. The second quarter illustrate forty percent (40%) of jobs relating to general repairs and maintenance, forty seven percent (47%) to plumbing, and thirteen (13%) to electrical in which are lower than the first quarter.

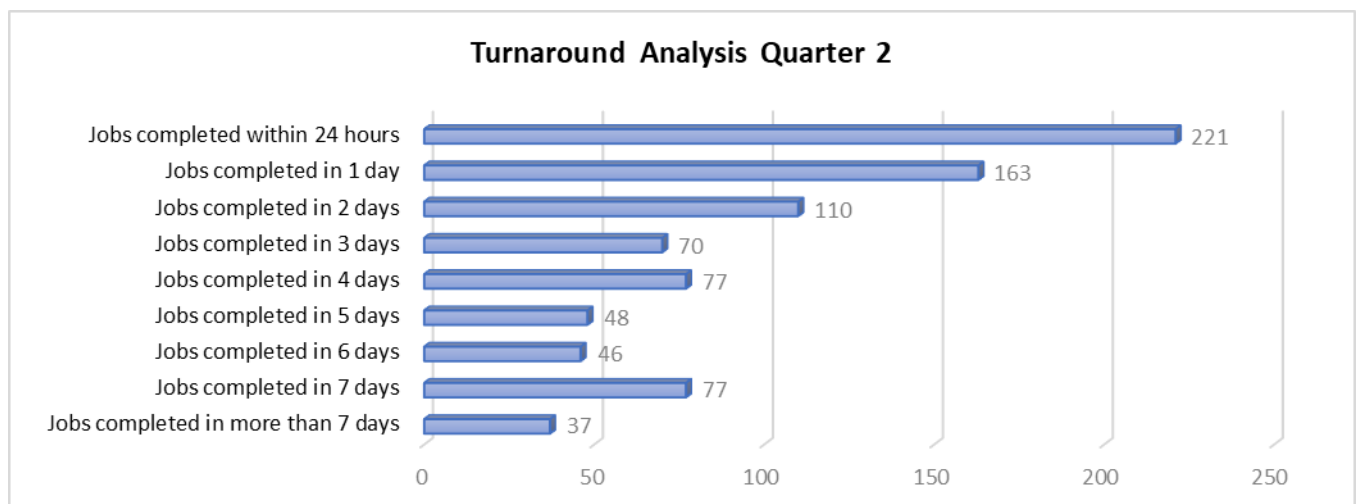
## Turnaround Times

The table below shows turnaround times per project. Total of 849 jobs were logged from October 2018 to December 2018. With 7479 units under management and a total of 539 units requesting maintenance aggregates to seven percent (7%) of the total portfolio. The key performance indicator of 96% relating to the number of maintenance complaints closed within turnaround was reached with 96.11% being attained.

**Table 22: Project jobs within turnaround**

Project Name	No. Jobs Quarter 2	Jobs Within Turnaround	Project Name	No. Jobs Quarter 2	Jobs Within Turnaround
16 Wolmarans	-	-	Jabulani	12	92%
123 Kerk Street	6	83%	Klipspruit	9	100%
125 Kerk Street	9	100%	Kliptown	55	100%
AA House	10	80%	Kliptown Golf Course	39	97%
Alexandra	57	100%	La Rosabel	42	98%
Antea	46	100%	MBV	22	86%
Bellavista Infill	17	100%	NBS	1	100%
Booyens	-	-	Orlando East	92	88%
Casa Mia	6	83%	Orlando West	11	100%
Chelsea - Hillbrow	7	86%	Pennyville Communal Housing	15	100%
Citrine Court	23	100%	Pennyville Flats	38	100%
City Deep	90	96%	Phoenix House	36	100%
106 Claim Street	-	-	Raschers	19	100%
Devland	2	100%	Roodepoort	69	96%
Diepkloof	4	100%	Selby	31	100%
Europa	6	100%	Union Square	-	-
Fleurhof	75	95%			
			<b>Grand Total</b>	<b>849</b>	<b>96.11%</b>

## Turnaround Analysis Quarter 2



The graph above shows the total number of 849 responsive job logged between October and December 2018. Performance per quarter indicates 96.11% complaints resolved within turnaround in which his 0.74% lower than the first quarter.

	Q1	Q2	Q3	Q4	Average
<i>Performance Per Quarter</i>	96.85%	96.11%	-	-	96.48%

**Table 23: Analysis of Maintenance Jobs**

Description	Quarter 1	Quarter 2
Plumbing Blockages	109 840	44 558
Circuit Breakers & Electrical Points	169 563	90 470
Brickwork & Plastering	36 599	7 371
Ceilings	36 719	19 833
Doors	56 266	31 444
Locks & Gates	110 567	64 563
Equipment Hire	17 625	13 359
Fire Equipment	35 270	338 832
Geysers	407 898	243 435
Lighting	160 724	154 833
Painting	631 415	357 998
Palisade & Fencing	30 837	38 125
Paving	4 416	1 292
Water Piping, Valves & Meters	299 498	126 469
Sanitary Fittings	105 040	95 225
Taps & Fittings	189 142	120 382
Tiling & Flooring	214 636	108 180
Roofing & Waterproofing	13 889	12 698
Windows & Glazing	24 914	24 301
Materials & Machinery (heat pumps, gate motors, generators etc.)	678 117	616 290
Labour	259 209	166 281
<b>Total</b>	<b>3 592 184</b>	<b>2 567 759</b>

**Table 24: Planned Maintenance Schedule**

PLANNED MAINTENANCE: 2018-2019	Quarter 1	Quarter 2
<b>FIRE EQUIPMENT</b>		
Servicing of fire equipment at all projects	28 923	338 832
<b>OHSA</b>		
OHSA Remedial Work	44 625	40 728
<b>African Diamond</b>		
Refurbishment of retail tenants toilets		23 238
<b>Antea</b>		

<b>PLANNED MAINTENANCE: 2018-2019</b>	<b>Quarter 1</b>	<b>Quarter 2</b>
Installation of gate valves to all geysers	118 503	
Service & repair water pump		43 308
<b>Bellavista Infill</b>		
Internal painting of all units		129 111
<b>Chelsea</b>		
Installation of electrical distribution board 6th Floor	24 611	
<b>Citrine Court</b>		
Internal painting of all units	360 346	23 172
<b>City Deep</b>		
Installation of washing lines	32 835	
<b>Devland</b>		
Clean up of building rubble and cut grass		37 000
<b>Europa House</b>		
Servicing of backup generator	7 500	
Servicing and repair of heat pumps	28 122	
Replacement of stove plates in communal kitchens	23 181	
<b>Fleurhof Junxion</b>		
Installation of Heat pump Block K	90 900	
Repair & replacement of flood lights		40 434
<b>Fleurhof Riverside</b>		
Additional parking area lights	15 622	
Replacement of generic front door locks	22 483	
Create weeping holes in common area passages	16 907	
<b>Kliptown Golf Course</b>		
Replacement of street light globes	18 580	
<b>Kliptown Square</b>		
Securing of municipal bins	18 644	
Securing of electrical kiosk		28 374
<b>NBS</b>		
Servicing of lifts	26 000	
<b>Orlando Ekhaya</b>		
Replacement of common area lights	7 459	
Service & repair of backup generators	17 700	
Replacement of electrical kiosk	6 491	
<b>Orlando West</b>		
Erect palisade fence around washing lines	31 451	
Installation of angle valves to taps at all units	36 816	
<b>Raschers</b>		
Servicing of heat pumps	9 462	
<b>Selby Village</b>		
Repair & securing of community hall	35 848	

<b>PLANNED MAINTENANCE: 2018-2019</b>	<b>Quarter 1</b>	<b>Quarter 2</b>
Painting of road signs		8 214
Installation of boom gate at main entrances		31 295
<b>Total Expenditure</b>	<b>1 023 008</b>	<b>743 706</b>

**Table 25: Maintenance service categories**

<b>Project Name</b>	<b>Service Type</b>	<b>Jobs Done Within Units</b>	<b>Jobs in Common Area</b>	<b>Total Jobs</b>	<b>Amount</b>
<b>123 Kerk Street</b>	Electrical	1	1	2	6 526
	Plumbing	3	-	3	2 688
	General	1	-	1	2 122
<b>123 Kerk Street Total</b>		<b>5</b>	<b>1</b>	<b>6</b>	<b>11 336</b>
<b>125 Kerk Street</b>	Electrical	1	3	4	8 729
	Plumbing	2	-	2	1 424
	General	3	-	3	4 162
<b>125 Kerk Street Total</b>		<b>6</b>	<b>3</b>	<b>9</b>	<b>14 316</b>
<b>AA House</b>	Electrical	-	1	1	26 365
	Plumbing	4	-	4	11 199
	Re-instatement	2	-	2	11 025
	General	1	2	3	8 478
<b>AA House Total</b>		<b>7</b>	<b>3</b>	<b>10</b>	<b>57 067</b>
	Electrical	1	4	5	16 874
	Plumbing	2	45	47	95 785
	Re-instatement	1	1	2	7 610
	General	-	2	2	7 874
	Painting	-	1	1	983
<b>Alexandra Total</b>		<b>4</b>	<b>53</b>	<b>57</b>	<b>129 126</b>
<b>Antea</b>	Electrical	5	1	6	8 554
	Plumbing	15	8	23	50 457
	General	16	-	16	48 194
	Fire Equipment	-	1	1	8 889
<b>Antea Total</b>		<b>36</b>	<b>10</b>	<b>46</b>	<b>116 093</b>
<b>Bellavista Infill</b>	Electrical	1	-	1	990
	Plumbing	4	-	4	3 642
	General	9	3	12	29 640
<b>Bellavista Infill Total</b>		<b>14</b>	<b>3</b>	<b>17</b>	<b>34 272</b>
<b>Casa Mia</b>	Electrical	1	-	1	329
	Plumbing	1	2	3	1 687
	General	1	1	2	3 804
<b>Casa Mia Total</b>		<b>3</b>	<b>3</b>	<b>6</b>	<b>5 820</b>
<b>Chelsea - Hillbrow</b>	Plumbing	-	5	5	4 869
	Re-instatement	-	1	1	-
	General	1	-	1	350
<b>Chelsea - Hillbrow Total</b>		<b>1</b>	<b>6</b>	<b>7</b>	<b>5 219</b>
<b>Citrine Court</b>	Plumbing	3	1	4	3 291

Project Name	Service Type	Jobs Done Within Units	Jobs in Common Area	Total Jobs	Amount
	Re-instatement	3	-	3	13 276
	General	10	6	16	24 294
<b>Citrine Court Total</b>		<b>16</b>	<b>7</b>	<b>23</b>	<b>40 860</b>
<b>City Deep</b>	Electrical	7	5	12	16 399
	Plumbing	17	12	29	54 689
	General	38	9	47	117 525
	OHSA	-	2	2	11 717
<b>City Deep Total</b>		<b>62</b>	<b>28</b>	<b>90</b>	<b>200 330</b>
<b>Devland</b>	Electrical	-	1	1	6 539
	General	-	1	1	10 429
<b>Devland Total</b>		<b>-</b>	<b>2</b>	<b>2</b>	<b>16 968</b>
<b>Diepkloof</b>	Plumbing	2	1	3	10 016
	General	-	1	1	2 592
<b>Diepkloof Total</b>		<b>2</b>	<b>2</b>	<b>4</b>	<b>12 608</b>
<b>Europa</b>	Electrical	-	2	2	9 168
	Plumbing	-	3	3	9 426
	General	1	-	1	672
<b>Europa Total</b>		<b>1</b>	<b>5</b>	<b>6</b>	<b>19 266</b>
<b>Fleurhof</b>	Electrical	1	3	4	3 384
	Plumbing	23	9	32	35 226
	Re-instatement	7	-	7	69 007
	General	22	10	32	85 878
<b>Fleurhof Total</b>		<b>53</b>	<b>22</b>	<b>75</b>	<b>193 495</b>
<b>Jabulani</b>	Electrical	-	1	1	1 472
	Plumbing	6	4	10	16 269
	General	-	1	1	1 430
<b>Jabulani Total</b>		<b>6</b>	<b>6</b>	<b>12</b>	<b>19 171</b>
<b>Klipspruit</b>	Electrical	1	2	3	2 193
	Plumbing	-	2	2	1 286
	General	-	4	4	8 218
<b>Klipspruit Total</b>		<b>1</b>	<b>8</b>	<b>9</b>	<b>11 697</b>
<b>Kliptown</b>	Electrical	6	2	8	6 629
	Plumbing	19	1	20	30 962
	Re-instatement	4	-	4	81 464
	General	15	7	22	71 764
	Retaining Walls	1	-	1	6 984
<b>Kliptown Total</b>		<b>45</b>	<b>10</b>	<b>55</b>	<b>197 802</b>
<b>Kliptown Golf Course</b>	Electrical	1	2	3	3 173
	Plumbing	26	6	32	25 222
	General	2	2	4	36 245
<b>Kliptown Golf Course Total</b>		<b>29</b>	<b>10</b>	<b>39</b>	<b>64 640</b>
<b>La Rosabel</b>	Electrical	-	2	2	1 614
	Plumbing	-	8	8	6 818
	General	28	4	32	79 313

Project Name	Service Type	Jobs Done Within Units	Jobs in Common Area	Total Jobs	Amount
<b>La Rosabel Total</b>		<b>28</b>	<b>14</b>	<b>42</b>	<b>87 744</b>
<b>MBV</b>	Electrical	1	4	5	7 887
	Plumbing	-	12	12	22 471
	General	-	5	5	4 571
<b>MBV Total</b>		<b>1</b>	<b>21</b>	<b>22</b>	<b>34 929</b>
<b>NBS</b>	General	-	1	1	6 286
<b>NBS Total</b>		<b>-</b>	<b>1</b>	<b>1</b>	<b>6 286</b>
<b>Orlando East</b>	Electrical	19	1	20	15 698
	Plumbing	21	5	26	15 015
	General	43	3	46	50 065
<b>Orlando East Total</b>		<b>83</b>	<b>9</b>	<b>92</b>	<b>80 777</b>
<b>Orlando West</b>	Electrical	3	-	3	2 174
	Plumbing	2	1	3	5 267
	General	3	1	4	4 209
	Fire Equipment	-	1	1	26 552
<b>Orlando West Total</b>		<b>8</b>	<b>3</b>	<b>11</b>	<b>38 202</b>
<b>Pennyville</b>	Electrical	2	-	2	2 400
	Plumbing	22	19	41	44 328
	Re-instatement	1	-	1	9 848
	General	9	-	9	20 918
<b>Pennyville Total</b>		<b>34</b>	<b>19</b>	<b>53</b>	<b>77 494</b>
<b>Phoenix House</b>	Electrical	1	6	7	4 122
	Plumbing	11	4	15	3 770
	General	5	9	14	7 915
<b>Phoenix House Total</b>		<b>17</b>	<b>19</b>	<b>36</b>	<b>15 806</b>
<b>Raschers</b>	Electrical	-	4	4	9 747
	Plumbing	-	9	9	15 976
	General	2	4	6	9 089
<b>Raschers Total</b>		<b>2</b>	<b>17</b>	<b>19</b>	<b>34 812</b>
<b>Roodepoort</b>	Electrical	4	3	7	40 353
	Plumbing	40	3	43	95 726
	Re-instatement	1	-	1	12 144
	General	7	11	18	43 216
<b>Roodepoort Total</b>		<b>52</b>	<b>17</b>	<b>69</b>	<b>191 438</b>
<b>Selby</b>	Electrical	4	-	4	2 143
	Plumbing	15	4	19	8 311
	General	4	4	8	41 064
<b>Selby Total</b>		<b>23</b>	<b>8</b>	<b>31</b>	<b>51 517</b>
<b>Grand Total</b>		<b>539</b>	<b>310</b>	<b>849</b>	<b>1 769 091</b>

The table above shows the costs per service type were within their average band with forty percent (40%) of jobs relating to general repairs and maintenance, forty seven percent (47%) to plumbing, and thirteen (13%) to electrical. The bulk of maintenance expenditure relates to plumbing due to the necessity of attending to blockages caused by poor tenant behaviour of flushing foreign objects in to drainage systems, removing rodding eyes caps and 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 due to poor materials (copper substituted for cheaper options) or workmanship (welding/compression) during construction and also aging infrastructure in converted hostel projects, retro-fitting of water valves to avoid switching off water for many clients during maintenance where valves have only been installed per block or floor, replacement of sanitary fittings such as baths, basins and toilet that have failed due to the end of their life span, replacement of taps that have failed due to the end of their life span or not being of a robust quality, and overcrowding in communal projects resulting in accelerated wear and tear of plumbing components.

## LEASING AND ALLOCATION

JOSHCO achieved an overall occupancy level at 91.06 % of units under management in the second quarter 2018/19. The special task team was established on 1st December 2018 aiming to fast-tracking enquiries, application process and allocation of the vacant units in Turfontein Housing, Devland, Hoek and Kerk Street. The occupancy level will improve once the task team completed the work by end of the third quarter

### Analysis of Occupancy levels per project

A full analysis of occupancy levels is provided in the table in which colour red shows occupancy levels below the target whilst green shows occupancy within or above the target and amber shows projects with a normal occupancy level. The occupancy levels in the table includes new project handover, Turfontein and Hoek Street

**Table 26: Occupancy levels per project**

Project	Total Units	Vacant Units	Occupied Units	Occupancy (%)
AA House	252	4	248	98,41
African Diamond -123 Kerk	61	32	29	47,54
Antea	302	25	277	91,72
Bellavista Infill	36	0	36	100,00
Bohlabela	520	2	518	99,62
Casa Mia	179	28	151	84,36
Chelsea	80	2	78	97,50
Citrine Court	79	5	74	93,67
City Deep Communal	37	0	37	100,00
City Deep Conversion	220	30	190	86,36
City Deep Greenfields	329	1	328	99,70
City Deep Housing Project	123	21	102	82,93
Devland	255	115	140	54,90
Diepkloof	148	3	145	97,97
Europa House	167	0	167	100,00
Fleurhof Ph. 1	452	12	440	97,35
Fleurhof Ph. 2	253	0	253	100,00
Hoek street	265	249	16	6,25
Jabulani	54	0	54	100,00
Klipspruit	71	2	69	97,18
Kliptown Golf Course	932	1	931	99,89
Kliptown Square	478	10	468	97,91
La Rosabell	50	0	50	100,00



Project	Total Units	Vacant Units	Occupied Units	Occupancy (%)
MBV	187	2	185	98,93
Orlando Ekhaya Ph. 2	190	0	190	100,00
Orlando Ekhaya Ph1	102	0	102	100,00
Orlando West	44	1	423	97,75
Pennyville (Flats)	207	1	206	99,52
Pennyville (Rooms)	564	4	560	99,29
<b>Phoenix House</b>	137	57	80	58,39
Rashers	95	5	90	94,74
Roodepoort	432	1	431	99,77
Selby Rooms	19	4	15	78,95
Selby Units	262	1	261	99,62
Textile House- 125 Kerk	162	99	63	12,35
Turfontein	150	150	0	0,00
<b>Total</b>	<b>7717</b>	<b>690</b>	<b>7027</b>	<b>91.06</b>

### Allocation of new projects

The table below shows the number of 53 leases loaded on MDA during the second quarter 2018/19.

**Table 27: New project allocations**

Project	No. of Units	Oct 2018	Nov 2018	Dec 2018	Occupied	Vacant
Devland	255	14	1	-	140	115
Phoenix House	137	7	4	3	80	57
African Diamond	61	2	1	3	29	32
Textile House	162	5	6	7	63	99
<b>Totals</b>	<b>615</b>	<b>28</b>	<b>12</b>	<b>13</b>	<b>312</b>	<b>303</b>

### Allocation of units in Projects Handed Over

781 units were handed over for allocation during 2017/18 at Turffontein Housing and Hoek Street. A total of 23 units were allocated as at 14 December 2018. A total of 71 paid deposits for Turffontein project. The table below shows the allocation on new units during quarter two.

**Table 28: projects handed over allocations**

Project	No. of Units	Occupied	Vacant	Occupancy (%)
Turffontein	525	-	525	0%
Hoek street	265	16	249	6.03%
<b>Totals</b>	<b>781</b>	<b>16</b>	<b>774</b>	<b>2.04 %</b>

**Table 29: Leasing Management: Challenges and interventions.**

Project Name	Delays	Interventions	Status
Devland	<ul style="list-style-type: none"> <li>Vandalised units</li> </ul>	<ul style="list-style-type: none"> <li>SCM advertised a bid for remedial work</li> </ul>	<ul style="list-style-type: none"> <li>Bid evaluation in progress</li> </ul>
Phoenix House	<ul style="list-style-type: none"> <li>The structural design of the units not appealing to the potential tenants.</li> </ul>	<ul style="list-style-type: none"> <li>Special leasing task team established to help filling up vacancies</li> </ul>	<ul style="list-style-type: none"> <li>Tenancing in progress</li> </ul>
Hoek Street	<ul style="list-style-type: none"> <li>Political unrest as to who must be allocated in the ward. Also, the discussion about the with the Councillor about the design issue as raised by the Councillor during oversight meeting</li> </ul>	<ul style="list-style-type: none"> <li>The Leasing special task team established to speed up the applications and allocation process</li> <li>The meeting was held with ward councillor and community and it was agreed that allocation can proceed in Hoek Street</li> </ul>	<ul style="list-style-type: none"> <li>Tenancing in progress</li> </ul>
Casa Mia	<ul style="list-style-type: none"> <li>Process of decanting the units proceeding very slowly due to lack of parking in Textile and African diamond buildings.</li> <li>Tenants demanding sufficient parking space.</li> </ul>	<ul style="list-style-type: none"> <li>Alternative units and parking were identified at Abel street but the unit are not yet completed for refurbishment</li> </ul>	<ul style="list-style-type: none"> <li>Relocating in progress through engaging with affected tenants</li> </ul>

## PORTFOLIO MANAGEMENT

There are four (4) portfolios under Housing Management and their impact is stakeholder engagement and service delivery. The stakeholder plan includes: - Public meetings, committee meetings, tenant initiatives and where possible informative newsletters and regulatory notices. Public meetings involve intense tenant engagement on matters of common interest. Committee meetings normally seek to provide consensus before a public meeting whereas initiatives normally permit tenants to express themselves as solution providers on matters that pertain to their lives i.e. cleanliness, community forums and fun days.

**Table 30: Project service delivery types**

Project	Cleaning & Gardening	Security	Maintenance
AA House	142 800	143 754	57 067
Antea	196 752	241 179	116 093
Bellavista Infill	134 373	58 006	34 272
Botlhabela	298 752	181 431	129 126
Casa Mia	68 000	77 341	5 820
Chelsea	81 600	38 670	5 219
Citrine Court	Included in Infill	58 006	40 860
City Deep Conversion	192 752	97 216	93 293
City Deep Greenfields	155 952	145 824	107 037
Devland	-	709 449	16 968
Diepkloof	128 304	103 610	12 608
Europa House	122 400	120 590	19 266
Fleurhof Junction	128 752	321 573	164 043

Project	Cleaning & Gardening	Security	Maintenance
Fleurhof Riverside	54 400	115 152	29 452
Jabulani	57 576	N/A	19 171
Kerk Street	-	207 000	25 652
Klipspruit	38 384	130 431	11 697
Kliptown Gold Course	460 608	363 346	197 802
Kliptown Square	196 752	535 492	64 640
La Rosabel	40 800	120 588	87 744
MBV	122 400	120 590	34 929
Orlando Ekhaya	15 552	105 570	80 777
Orlando West	77 976	N/A	38 202
Pennyville	95 200	450	77 494
Phoenix House	38 400	Included in KGC	15 806
Raschers Building	81 600	48 468	34 812
Roodepoort	311 904	543 201	191 438
Selby	27 200	111 394	51 517
<b>Total</b>	<b>3 269 189</b>	<b>4 698 329</b>	<b>1 762 805</b>

**Table 31: Service Delivery Challenges per project**

Project name	Challenge	Intervention
AA House	<ul style="list-style-type: none"> <li>No challenge.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
Antea	<ul style="list-style-type: none"> <li>Tenants blocking JOSHCO services on the project.</li> <li>Tenants removed Housing Supervisor on the project and vandalised the property.</li> <li>Demands for ownership.</li> <li>Conflict amongst residents in the project.</li> <li>Tension between existing committee and the youth committee.</li> </ul>	<ul style="list-style-type: none"> <li>The tenants report maintenance complaints directly to JOSHCO head office until the issues of Housing Supervisor is resolved. The meeting will be residents will be held on the 18 January 2018.</li> </ul>
Bellavista Infill	<ul style="list-style-type: none"> <li>Crime in the surrounding area.</li> </ul>	<ul style="list-style-type: none"> <li>Additional security light assessment was completed then quotation submitted to maintenance.</li> </ul>
Botlhabela	<ul style="list-style-type: none"> <li>Illegal occupation of units</li> <li>The interest groups not supporting JOSHCO on the project.</li> <li>Lower collection of rent due to tenant demanding ownership.</li> <li>Tenant demanding the rent reduction and write off debts.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct an occupancy audit to identify illegals and subletting.</li> <li>Target and profile cases for eviction</li> </ul>
Casa Mia	<ul style="list-style-type: none"> <li>Some tenants are influencing other tenants to resist moving out of the building and preventing refurbishment programme to continue.</li> </ul>	<ul style="list-style-type: none"> <li>A final public meeting will be held during the third quarter in which an announcement will be made that JOSHCO is withdrawing all services such as the Housing Supervisor and cleaning and that water and electricity will be turn off.</li> </ul>
Chelsea	<ul style="list-style-type: none"> <li>Breaking of house rules.</li> </ul>	<ul style="list-style-type: none"> <li>The Housing Supervisor from Casa Mia will be moved to live in at Chelsea. This is to ensure that tenant adhere to house rules</li> </ul>
Citrine Court	<ul style="list-style-type: none"> <li>Crime in the surrounding area remains a problem.</li> <li>Paint peeling off /Internal Painting.</li> </ul>	<ul style="list-style-type: none"> <li>Additional security light assessment was completed, then quotation submitted to maintenance for approval.</li> <li>Internal painting was completed in the units</li> </ul>
City Deep Greenfields	<ul style="list-style-type: none"> <li>No challenge.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>

Project name	Challenge	Intervention
<b>City Deep Conversion</b>	<ul style="list-style-type: none"> <li>The Committee and some tenants refusing to allow Occupancy Audit Service provider to work.</li> </ul>	<ul style="list-style-type: none"> <li>JMPD and Security service provider to provide escort to the Occupancy Audit Service provider employees through the office of EM.</li> </ul>
<b>Devland</b>	<ul style="list-style-type: none"> <li>Some of units are vandalised.</li> <li>Devland community people blocking JOSHCO services on the project.</li> </ul>	<ul style="list-style-type: none"> <li>Community Development will facilitate job creation for cleaning services in Devland during the quarter.</li> <li>Maintenance appointed service provider to do once off grass cutting in the project.</li> <li>Court interdict</li> </ul>
<b>Diepkloof</b>	<ul style="list-style-type: none"> <li>Rent boycott.</li> <li>Demanding ownership.</li> </ul>	<ul style="list-style-type: none"> <li>Scheduled meetings with tenants to engage them on their issues led by JOSHCO Stakeholder Manager. The meeting will be held in February 2019.</li> </ul>
<b>Europa House</b>	<ul style="list-style-type: none"> <li>Tenants demanding rent reduction.</li> </ul>	<ul style="list-style-type: none"> <li>The meeting was held on November 2018 with tenant and ward committee to clarify the issue of rent and the services in the project.</li> </ul>
<b>Fleurhof Junction</b>	<ul style="list-style-type: none"> <li>Tenant unemployment.</li> </ul>	<ul style="list-style-type: none"> <li>JOSHCO will include some unemployed tenants in the EPWP for 2018/19.</li> </ul>
<b>Fleurhof Riverside</b>	<ul style="list-style-type: none"> <li>No challenges</li> </ul>	<ul style="list-style-type: none"> <li>Management to continue with tenant satisfaction engagements.</li> </ul>
<b>Jabulani</b>	<ul style="list-style-type: none"> <li>Rent boycott.</li> <li>Demanding ownership.</li> </ul>	<ul style="list-style-type: none"> <li>JOSHCO management held meeting with residents to discuss their issues and tenants started to pay rent.</li> </ul>
<b>Kerk Street (Textile &amp; African Diamond)</b>	<ul style="list-style-type: none"> <li>Insufficient cleaners for the project.</li> </ul>	<ul style="list-style-type: none"> <li>Community Development to facilitate job creation for cleaning service.</li> </ul>
<b>Klipspruit</b>	<ul style="list-style-type: none"> <li>Lack of budget to develop family units and improve living conditions of tenants from hostel rooms and beds.</li> </ul>	<ul style="list-style-type: none"> <li>Budget Adjustment made to ensure that family units are built in 2018/19.</li> </ul>
<b>Kliptown Golf Course</b>	<ul style="list-style-type: none"> <li>Committee seems to put their interests first than service delivery to the residence.</li> </ul>	<ul style="list-style-type: none"> <li>JOSHCO held a meeting with the residents to inform them about the upgrade programme and service delivery issues in the project.</li> </ul>
<b>Kliptown Square</b>	<p>The committee disrupting service delivery in the project demanding the following:</p> <ul style="list-style-type: none"> <li>Ownership</li> <li>Arrears to be scrapped out.</li> <li>Recreational space (Hall and office to hold their meeting).</li> <li>More parking space required.</li> </ul> <p>Other challenges :</p> <ul style="list-style-type: none"> <li>Access control is a concern.</li> <li>High rate of unemployed tenants.</li> <li>RDP house beneficiaries not paying while other tenants are paying.</li> <li>Maintenance is delayed by non-paying tenants and approval takes time.</li> <li>Biometric system that is dysfunctional for both motor and pedestrian gates.</li> <li>Break-in due to poor boundary fence.</li> <li>Fire extinguisher in/next to the tenant</li> </ul>	<ul style="list-style-type: none"> <li>The security assessment report conducted.</li> <li>Security and flight lights assessment completed.</li> <li>The list of demands were handed over to the MMC's office.</li> <li>Security upgrade in progress.</li> <li>The meeting will held with tenants to encourage them to pay rent.</li> </ul>

Project name	Challenge	Intervention
	units.	
La Rosabel	<ul style="list-style-type: none"> <li>Lack of children play equipment.</li> </ul>	<ul style="list-style-type: none"> <li>Motivate for children play equipment.</li> </ul>
MBV	<ul style="list-style-type: none"> <li>Tenants blocking JOSHCO services on the project.</li> <li>Demanding ownership by tenants.</li> </ul>	<ul style="list-style-type: none"> <li>The plan is to relocate 35 paying tenants to another JOSHCO project during 3<sup>rd</sup> quarter.</li> </ul>
Orlando Ekhaya	<ul style="list-style-type: none"> <li>104 Units have no prepaid meters, the tenants consume the electricity for free.</li> <li>Misinterpretation of a lease.</li> <li>City employees are not well informed about what retire what will happen when they tire and JOSHCO lease</li> <li>Committee continues to mislead the community</li> </ul>	<ul style="list-style-type: none"> <li>JOSHCO will arrange a meeting with City Power regarding their meters normalization programme.</li> <li>Permanent solution to the boiler established.</li> <li>Tenants workshop regarding lease will be arrange during 3<sup>rd</sup> quarter.</li> </ul>
Orlando West	<ul style="list-style-type: none"> <li>No challenges.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
Pennyville	<ul style="list-style-type: none"> <li>Security of tenant units and property due to unprotected blocks (no boundary fence or wall around).</li> </ul>	<ul style="list-style-type: none"> <li>Site visits were conducted by JOSHCO management and a CAPEX budget adjustment of R40 000 000 was made to ensure that a wall is erected around all unsafe projects.</li> </ul>
Phoenix House	<ul style="list-style-type: none"> <li>The OHSA is an issue especially the fire escape. doors ,window burglars</li> <li>Plumbing remain a challenge in the unit.</li> </ul>	<ul style="list-style-type: none"> <li>The OHSA report was conducted by the health and Safety officer (Risk Department)</li> <li>Plumbing issues were reported to development.</li> <li>Customer Satisfaction survey completed.</li> </ul>
Raschers Building	<ul style="list-style-type: none"> <li>No challenges.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
Selby	<ul style="list-style-type: none"> <li>Invaded old block and lack of clear community leadership to assist in resolving the matter.</li> </ul>	<ul style="list-style-type: none"> <li>JOSHCO occupancy audit to determine occupants of the old block and design a plan for alternative actions in respect of each case.</li> </ul>
Tshedzani (Roodepoort)	<ul style="list-style-type: none"> <li>Crime in the neighbourhood.</li> </ul>	<ul style="list-style-type: none"> <li>Razor wire installed around the fence to prevent intruders on the project.</li> </ul>

**Table 32: Annual Stakeholder Engagement Plan**

Annual Targets	Public Meetings	Committee Meetings	Newsletters	Initiatives
112 Meetings 16 Newsletters 8 Initiatives	28 Meetings per Portfolio		4 Newsletters per Portfolio	2 Initiatives per Portfolio
Total Activities 136 Percentage: 100%				

### Progress on Annual Stakeholder Plan

Housing Management is expected to implement 100% of the stakeholder engagement plan by June 2019. The Table below shows targets and actual achievements per quarter. In the reporting period, 64 deliverables were achieved which translates to 74% of the annual target deliverables.

**Table 33: Quarterly targets and achievements**

Qtr. 1		Qtr. 2		Qtr. 3		Qtr. 4		Annual Target Activities	Annual Actual Activities
Target	Actual	Target	Actual	Target	Actual	Target	Actual		
34	37	34	64	34		34		136	
25%	27%	50%	74%	75%		100%		100%	

**Table 34: Stakeholder engagement Activities: Quarter 2**

Public Meetings	Committee Meetings	Newsletters	Initiatives
18	19	22	5

**Zenzele project**

The Zenzele project is currently running on a month to month basis and has created 217 jobs for cleaning and gardening residential and commercial shops since 2016. In September 2018 JOSHCO Exco resolved to terminate the Zenzele project due to serious SCM queries associated with the program. The table below illustrates the number of participants that will be affected by the termination of the Zenzele program per project.

**Table 35: Zenzele participants per project Quarter two 2018/19**

Project Name	No of Jobs Created
AA House	7
Antea	10
Botlhabela	21
Casa Mia	5
Chelsea	6
Citrine Court & Bellavista Infill	7
City Deep Greenfields	8
City Deep Conversion	10
Devland	-
Diepkloof	7
Europa House	6
Fleurhof Junction	14
Fleurhof Riverside	10
Jabulani	4
Kerk Street	-
Klipspruit	7
Kliptown Golf Course	24
Kliptown Square	10
La Rosabel	2
MBV	6
Orlando Ekhaya	8
Orlando West	4
Pennyville	14

Project Name	No of Jobs Created
Phoenix House	5
Raschers	4
Tshedzani (Roodepoort)	16
Selby	10
<b>Total</b>	<b>225</b>

### Termination plan

The following table describes how the Zenzele project will be phased out as per Exco instruction to terminate the project. CoJ insourcing department will be consulted and requested to provide a written assurance to ensure that the JOSHCO cleaning and gardening tender period aligns to insourcing.

**Table 36: Zenzele termination plan**

ACTIVITY	APPROACH	TIMEFRAME
Implementation of Cleaning and Gardening tender	Advertise Competitive bid	January 2018
Communicating with stakeholders	Meeting with stakeholder	20 December 2018

### Security Insourcing

JOSHCO has undertaken the following steps to ensure that insourced security from the JMPD are of the right quality and price for required services at projects.

**Table 37: JMPD and JOSHCO will sign an SLA to incorporate all steps presented below.**

STEP UNDERTAKEN	OBJECTIVE
Verification of the names and ID numbers submitted to COJ	To ensure that the names of existing beneficiaries are not submitted to the COJ
Insourcing Technical committee meeting	To be informed about development of insourcing programme
Description of security scope of work per project	To be able to define and measure performance
Risk Assessment report per project	To improve safety of the property and people
A list of security equipment required	To enable the guards to perform their duties
Job description of security guards to be deployed	To ensure that they can secure and protect the property and the people
Confirmation of Private Security Industry Regulator (PSIRA) for each deployed guard	To ensure that they are qualified and registered with regulatory authority
Effective performance and monitoring plan	To ensure effectiveness and efficiency in services
Mechanism for processing monthly service payments	To ensure value for money versus the service

### Tenant Occupancy Audit

JOSHCO has appointed a service provider for tenant audit for a period of three (3) years. The service provider has commenced with tenant audit exercise during the second quarter of 2018/2019 Housing management expected a weekly data collection monitoring reports from the service provider. The monitoring sheet indicates a total of 1242 units completed survey in which is 16.6 % of 7479 units in all projects. The meeting will be held on the 21 December 2018 with JMPD to assess a security plan and way forward. The table below shows the progress for occupancy audits as per Kick-off plan as at 31 December 2018.

**Table 38: Data collection progress monitoring (A)**

Project Name	No. of Units	Surveys Completed & Uploaded	Vacant	Refusal	Unattended	Percentages %		
						Collected	Vacant	Unattended
AA House	252	217	5	0	30	86	1.9	11.9
African Diamond	80	19	34	0	27	23.7	42.5	33.7
Textile House	162	46	108	0	8	28.3	66.6	4.9
La Rosabel	50	42	0	0	8	84	0	10
Raschers	96	67	5	18	6	69.7	5.2	6
MBV	187	73	0	0	114	39	0	61
Phoenix House	165	79	63	0	23	47.8	38.1	13.9
Casa Mia	179	70	80	0	29	39	44.6	16
Chelsea	80	60	2	0	18	75	2.5	22.5
<b>TOTALS</b>	<b>1251</b>	<b>673</b>	<b>295</b>	<b>18</b>	<b>263</b>			
Percentage completed including vacant & refusal – 78.8%								

**Table 39: Data collection progress monitoring (B)**

Project Name	No. of Units	Surveys Completed & Uploaded	Vacant	Refusal	Unattended	Percentages %		
						Collected	Vacant	Unattended
City Deep	709	292	0	0	417	41	0	58.8
Antea	340	0	0	0	340	0	0	100
Bellavista Infill	36	77	0	0			0	
Citrine Court	79	12	0	0	67	15	0	84.8
Selby	281	188	0	0	93	66.9	0	33
<b>TOTALS</b>	<b>1445</b>	<b>569</b>	<b>0</b>	<b>0</b>	<b>917</b>			
Percentage completed including vacant & refusal –39%								

## COMMUNITY DEVELOPMENT

Community Development impact areas involve: Community Interaction, Initiatives and outreach; Implementation of the Extended Public Works Programme; Tenant skills development programmes; Food security and Youth programmes.

During the second quarter, Community Development focused on: -the Youth Learnership Programmes; Early Childhood Development and community interaction initiatives.

**Table 40: Learnership Programme -: Electrical Engineering (NQL LEVEL 2) 3-year Learnership Project**

JOSHCO programme	Skills Area	Objective	Impact	Budget Used
<b>Learnership Programme-: Electrical Engineering (NQL LEVEL 2)3-year Learnership Project.</b> It is a 12 months programme that	<ul style="list-style-type: none"> <li>• Institutionalised training covered full house wiring plus DC and AC motors.</li> <li>○ Identifying lights and lighting</li> </ul>	Facilitate skills training opportunities for youth on Skills programmes, Learnerships and	<ul style="list-style-type: none"> <li>• The 30 learners have completed the 2 months training with the training provider and now require to be allocated at the workplace to do electrician apprentices to</li> </ul>	This project is fully funded by the SETA



JOSHCO programme	Skills Area	Objective	Impact	Budget Used
comprises of 2 months institutionalised training with a SETA accredited training provider and 10 months with a host employer for practical work.	circuits <ul style="list-style-type: none"> <li>○ Single phase installation</li> <li>○ Conductors and Insulators</li> <li>○ Components and wire of elementary circuits</li> <li>○ Circuit protection</li> <li>○ Terminal performance</li> <li>○ Electrical Motors</li> <li>○ DC Motors</li> <li>○ Metering Systems</li> </ul>	Apprenticeship	complete the workplace-based experience on the programme. <ul style="list-style-type: none"> <li>• Learners will still need to do their second year and a trade test on their third year</li> <li>• At the end of the training programme, the learners will receive a certificate of achievement, which, together with sufficient practical experience, should enable them to complete electrical wiring for domestic homes.</li> </ul>	

**Table 41: Early Childhood Development Centres (ECDC)**

Initiatives	Project	Objective	Impact
<b>Early Literacy</b> The Early Literacy Initiative provides educators, administrators, policymakers, and community stakeholders with basic information about the importance of effective reading instruction in the early grades and focuses on the steps schools might take to ensure that students receive the supports they need to read on grade level by third grade. Assistance to Support Early Literacy Evidence-based Literacy Instruction	<b>Early Childhood Development Centres (ECD)</b>	The <b>objective</b> of ECCD is to nurture the children for their physical and mental <b>development</b> and to prepare them for schooling with right attitudes and habits.	<ul style="list-style-type: none"> <li>• 68 enrolments and 0 discharges and 2 New Enrolments.</li> <li>• On the 6<sup>th</sup> the group conducted the PCP 1,2,3 trainings with 7 parents</li> <li>• And on the 13<sup>th</sup> PCP 4,5 with 14 parents,</li> <li>• and on the 20<sup>th</sup> PCP 6 with 10 parents and 27<sup>th</sup> PCP 7 &amp; 8 13 parents</li> <li>• The TL visited the site, and there were 16 children group 001, and again on the 30<sup>th</sup> she came for group 002 monitoring and she brought forms for the new volunteer to sign for the EPWP project.</li> <li>• Food was deliver on the 31<sup>st</sup></li> <li>• The nurse conduct her visit and taking children's height and weights and general health check, there 21 children group 002.</li> <li>• The nurses from the local clinic came to the site to give the children Vitamin A and De-worming, only 16 children received it as others didn't fill in the consent forms.</li> <li>• On the 30<sup>th</sup> the Toy librarians conducted stock audit.</li> <li>• The ELFA still continue with Takalani program</li> <li>• 3 children have graduated from Grade R to Grade 1</li> <li>• Graduation ceremony was held on the</li> </ul>

Initiatives	Project	Objective	Impact
			12/12/2018 at the centre <ul style="list-style-type: none"> <li>Identified ECD Centre: Chelsea Project</li> </ul>

## Community interaction and Initiatives

**Table 42: Monitoring and Evaluation of Waste Recycling Project**

Initiatives	Project	Objective	Impact
Business opportunity for Cooperatives to <ul style="list-style-type: none"> <li>Collect, sell waste for reuse in developing new products from plastic etc. Contribution to the overall sustainability of the area</li> <li>Improvement of overall waste management in the area</li> <li>Increased recycling levels and reduction of organic waste in landfills</li> </ul>	Collection of Waste for Recycling	To develop an integrated and environmentally organic waste management system that ensures the adequate collection and treatment with sustainable methods	<ul style="list-style-type: none"> <li>Cooperatives contribute in the improvement of overall waste management at the residential areas.</li> <li>Increased recycling levels and reduction of inorganic waste in landfills.</li> <li>Cooperatives earn their income from the sales that they make from selling collected waste to recycling companies.</li> </ul>

Below are typical JOSHCO initiatives for creating self-reliance through recycling. The initiative was undertaken by Community Development as a support for the CoJ clean-up campaign as well as a job creation initiative which requires minimal JOSHCO funding under CAPEX for recycling centres such as the one for Selby. The old structure in City Deep shown below will be converted into an ECD and the recycling station will be constructed at a safe distance from residents within the complex in the 4<sup>th</sup> quarter.

**Table 43: Drug Abuse Prevention Awareness Campaign / 16 Days of Activism**

Initiatives	Project	Objective	Impact
Prevention of: 1. Teenage pregnancy 2. Human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) 3. Other sexually transmitted diseases (STDs) 4. Domestic violence 5. Child abuse 6. Motor vehicle crashes 7. Physical fights 8. Crime 9. Homicide 10. Suicide	Drug Abuse Prevention Promotion	The core mandate of the advocacy and <b>awareness</b> will be to spread valuable information on the ill <b>effects of drugs &amp; alcohol abuse</b> , to enhance <b>drug or alcohol prevention awareness &amp; skills</b> among parents, teachers and youth, and to sensitize drivers on narcotic law and policy to prevent illegal transition of prohibited substances in the country.	<ul style="list-style-type: none"> <li>Save lives</li> <li>protect the health, safety, and quality of life for all, especially children</li> <li>to discourage children and youth from engaging in illegal recreational <b>drug</b></li> </ul>

**Table 44: Drugs Prevention Advocacy**

Initiatives	Project	Objective	Impact
Increase the quality, availability, and effectiveness of educational and	Health and Wellness Awareness	To improve the environmental, social and economic conditions that contribute to	<ul style="list-style-type: none"> <li>Save lives</li> <li>Prevent ill health and spending a lot of money on medication and</li> </ul>

community-based programs designed to prevent disease and injury, improve health, and enhance quality of life.		poor health, and support a quality of life that promotes the health and well-being of all county residents, with special attention to those under served.	other intervention that are expensive. <ul style="list-style-type: none"> <li>• Advocation of healthy lifestyle and engagement in wellness activities.</li> </ul>
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### Health & Wellness Programme: Roodepoort

JOSHCO Community Development with Department of Health in Roodepoort, organized and conducted a wellness day, which was held on the 10th of November 2018 at Tshedzani /Roodepoort project. The main focus of the Health & Wellness programme was around the following issues;

- Hyper-tension, Diabetes, PSA, Pap Smear, Pregnancy tests, HIV Testing
- All children under 5 years were given Vitamin A and their Road to Health Cards were also updated.

**Table 45: Food Garden: Selby Project**

Initiatives	Project	Objective	Impact
To positively influence the eating habits of families in low income communities by making <b>food</b> skills more mainstream and healthy <b>food</b> more accessible. To save on food costs	Food Gardening	Community to become self-sufficient and how to manage their food security requirements	<ul style="list-style-type: none"> <li>• Access of fresh garden produce from the garden to the pot.</li> <li>• Garden produce to be sold to supplement income for the families.</li> <li>• Advocate food security management</li> </ul>

Selby food gardening project was established on Mandela Day, the 18 July 2018'. Currently there are three (3) youth from Selby Youth Hub, who are watering the gardening and planting the seeds.

### EPWP job creation

Although this KPI is due for reporting during the fourth quarter the following projects were planned so that EPWP jobs will be created by the third quarter and 250 jobs by the fourth quarter. A budget adjustment of R1.5 million was made on the existing budget of R1.2 million for creating EPWP jobs from the third quarter.

**Table 46: EPWP Job Creation**

Project	Planned Jobs	Estimated Budget	QTR 3 Jobs	QTR 4 Jobs
Community based initiatives	250	R1.5 Million	75	175

### Key objectives of EPWP

- Contribute to employment opportunities for 1 200 unemployed tenants and youth.
- Contribute to skills development within the tenant community.

## CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT



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

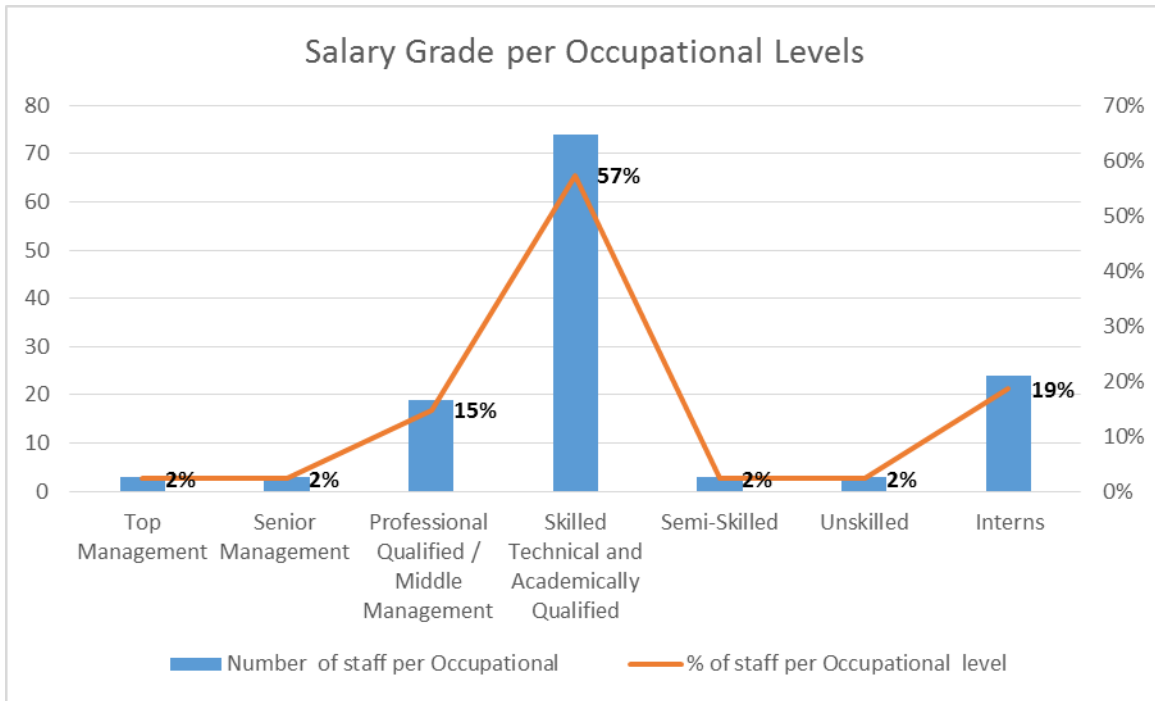
This section provides the total employee remuneration against the budgeted quarterly remuneration, including the Executives as summarised in the table below.

**Table 47: Personnel Cost by Occupational Level as at 31 December 2018:**

Occupational Level	No. of employees	% of total personnel cost	(R'000) Average cost per employee
Top Management (CEO, CFO, Executive Managers)	3	5%	85 860.60
Senior Management (Senior Managers, Programme Managers)	4	9%	69 364.47
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	20	30%	33 660.04
Skilled Technical and Academically Qualified (Housing Supervisors, Billing Clerks, Credit Controllers, Bookkeeper)	64	47%	15 112.67
Semi-Skilled (Administrators, Caretakers, Receptionists)	12	8%	11 156.07
Internship	5	.9%	4 888.35
Unskilled (Office Attendants)	3	.8%	7 067.85
<b>Total</b>	<b>111</b>	<b>100%</b>	

**Table 48: Remuneration against OPEX Expenditure**

Salary Cost	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Total Salary Cost	10 997 385	27 756 809	-	-
Total OPEX	39 533 531	94 562 974	-	-
<b>% remuneration to OPEX Spent</b>	<b>29%</b>	<b>29%</b>		



**Figure 6: Number of staff per Occupational level**

As indicated above 57 % of salaries is paid on skilled technical and academically qualified occupational levels; these are mainly JOSHCOs critical delivery roles such as the Housing Supervisors, Billing Clerks, Credit Controllers, Officers and Bookkeeper and Executive Assistants. 4% is shared between top management and senior management.

## SECTION 2: KEY VACANCIES

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. Due to budgetary constraints it is practically impossible to fill all the approved positions. The department has decided to prioritise critical vacancies especial in Housing Development, Housing Management and Finance. It is worth mentioning that Cooperate Services in this quarter has managed to fill one key position of Executive Manager Housing Development.

JOSHCO is currently operating with the help of 10 temporal workers all placed at Housing Management under leasing section. The continued dependency on Temps by JOSHCO in a key department like Housing Management poses a huge operational risk based on business continuity.

### 2.1 Acting Appointments

Whilst the company is in the drive to fill all budgeted critical positions in the structure, we have used acting strategy to close the gap using our internal employees. This approach over the years has proved not to be sustainable due financial implications and lack of continuity. It has so far worked to the benefit of both employer and employees as they get exposure to senior management.

Eleven (11) acting appointments were recorded from July to December 2018 as indicated in the table below.

**Table 49: Acting Table**

Current designation	Acting Designation	Duration	
		From	To
Housing Supervisor	Housing Portfolio Manager	01.10.2018	30.11.2018
Programme Manager: Implementation	Executive Manager: Housing Development	01.07.2018	15.11.2018
PA to CFO	Financial Accountant	01.07.2018	30.09.2018
Financial Accountant	CFO	01.07.2018	30.09.2018
Housing Portfolio Manager	Executive Manager: Housing Management	01.07.2018	30.11.2018
ICT Manager	Senior Manager: Business Planning and Risk	01.11.2018	To date
IT Technician	ICT Manager	01.11.2018	To date
Executive Assistant	Project Support Officer	01.07.2018	To date
Housing Supervisor	Housing Portfolio Manager	01.07.2018	30.11.2018
Housing Portfolio Manager	Executive Management	01.12.2018	To date
Housing Supervisor	Housing Portfolio Manager	01.12.2018	To date

The acting allowance was paid in line with the Acting Allowance Policy at 10% of the total cost/basic salary.

### Staff Turnover

One (1) staff termination was recorded during July to December as indicated in the table below.

**Table 50: Staff terminations**

Department	Name	Position	Reason for termination	Years in service	Effective date
HR & Corporate Support	Pretty Ngwasheng	SM: HR & Corporate Support	Resignation	3	17 August 2018
Total Number of Terminations: 1					

An exit interviews was conducted with the staff member in order to establish the reasons for leaving JOSHCO.

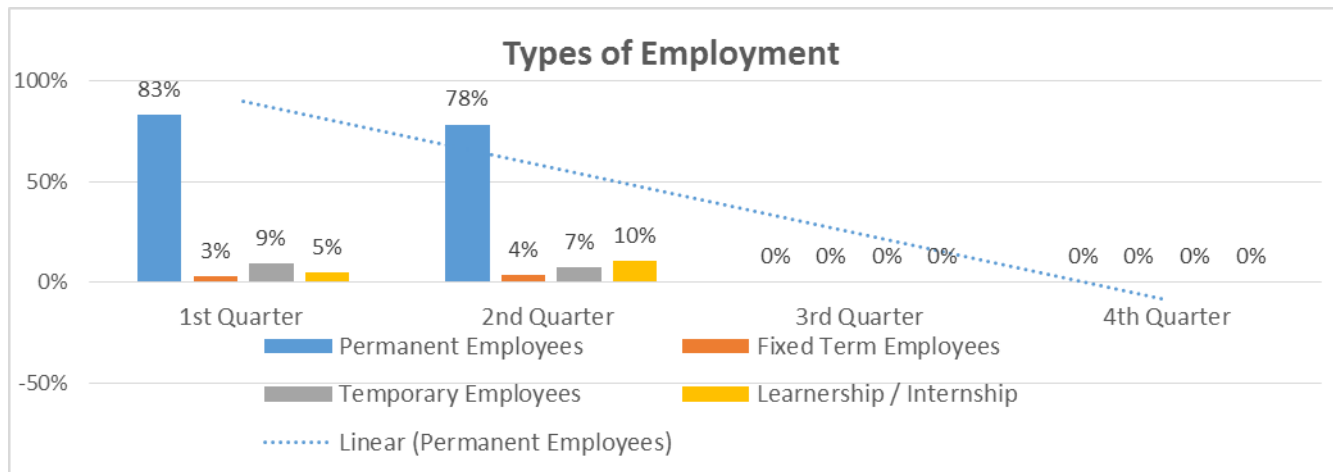
## 2.2 Recruitment

**Table 51: Recruitment progress**

Proposed position	Number of Positions	Date the position become vacant	Progress
Senior Manager: Project Management	1	12 December 2017	Employee started on the 01 September 2018
Town Planner	1	12 December 2017	Employee started on the 01 September 2018
Health and Safety Officer	1	12 December 2017	Employee started on the 01 September 2018
Performance Monitoring and Evaluations Officer	1	12 December 2017	Employee started on the 01 September 2018
Courier/Driver	1	12 December	Employee started on the 01 September

Proposed position	Number of Positions	Date the position become vacant	Progress
		2017	2018
Company Secretary	1	23-Feb-18	Advertisement stage, CM approved request to advertise on the 14 December 2018.
Chief Financial Officer	1	12 December 2017	Employee started on 17th September 2018
Receptionist	1	1-Feb-18	Employee started on 1st October 2018
IT Officer	1	07 May 2018	On hold until proposed structure is approved
Executive Manager: Housing Development	1	1-Sep-17	Employee started on the 15 <sup>th</sup> October 2018
Executive Manager: Housing Management	1	1-Jun-18	Re-advertised, at shortlisting stage
Senior Manager: Community Development	1	12 December 2017	On hold until proposed structure is approved
Chief Executive Officer	1	1-Jun-18	Not yet advertised, City Manager has been engaged, transfer pending.
Executive Manager: Corporate Services	1	1-Jun-18	At interview stage
Human Resource and Labour Relations Manager	1	17 May 2018	On hold until proposed structure is approved
Human Resource Officer (Labour Relations)	1	17 May 2018	On hold until proposed structure is approved
Credit Controller	3	17 May 2018	On hold until proposed structure is approved
Senior Supply Chain Officer	1	17 May 2018	On hold until proposed structure is approved
Executive Manager Business Planning and Risk	1	November 2018	Advertisement stage
Supply Chain Officers	2	17 May 2018	On hold until proposed structure is approved
<b>Total</b>	<b>23</b>		

## Workforce Profile



**Figure 7: JOSHCO workforce profile**

78 % of JOSHCO staff are permanent employees, 4 % are fixed term, mainly at senior management level.

## SECTION 3: EMPLOYMENT EQUITY

This section provide 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 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.

**Table 52: Employee equity**

Employment Equity Profile													G/ Total	Racial % Achievement	Gende r % Achievement
Occupational Level	Male				Female				Foreign National		F	M			
	A (39 %)	C (1,5%)	I (1,5%)	W (8%)	A (39%)	C (1,5%)	I (1,5%)	W (8%)	F	M	50%	50%			
Top Managem ent	2	0	0	0	2	1	0	0	0	0	1	2	3	78%	50%
Senior Managem ent	3	0	0	0	3	0	0	0	0	0	1	3	3	56%	75%
Profession ally Qualified / Middle Managem ent	6	0	0	4	10	7	0	1	0	1	8	10	19	82,44 %	94,44 %



Skilled Technically and Academically Qualified	36	1	0	0	37	31	4	1	0	0	34	33	74	70,96 %	99%
Semi-Skilled	1	0	0	0	1	2	0	0	0	0	8	5	3	56%	88,46 %
Unskilled	0	0	0	0	0	3	0	0	0	0	3	0	3	56%	50%
Temps	11		0		6	18	0	0	0	0	1	3	24	38%	75%
<b>Total</b>	<b>59</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>59</b>	<b>62</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>55</b>	<b>55</b>	<b>129</b>		

Persons with Disabilities													Grand Total	
Occupational Level	Male				Female				Foreign National		Total			
	A	C	I	W	A	C	I	W	Female	Male	Female	Male		
Top Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionally Qualified / Middle Management	1	0	0	1	0	0	0	0	0	1	0	2	2	2
Skilled Technically and Academically Qualified	1	0	0	0	1	0	0	0	0	0	1	1	2	2
Semi-Skilled	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>4</b>

Description	JOSHCO EE Actual	Gauteng EAP EE Target	JOSHCO EE Actual %	Variance
Description	JOSHCO EE Actual Number	Gauteng EAP EE Target	JOSHCO EE Actual %	Variance
Africans	121	78%	94%	16%
Coloureds	5	3%	4%	1%
Indians	2	3%	2%	-1%
Whites	5	16%	4%	-12%
Persons with disability	4	2%	4%	2%
Male	59	50%	46%	-4%

Business Unit Targets (2017/2018)	Baseline 2016/2017	2017/2018 Target	Achievement Current period	IDP Indicator Baseline 2016/2017	IDP Indicator Target	IDP Indicator Achievement Current Period
Race	81,86%	82,86%	83,71%	80,61%	81,61%	83,71%
Gender	88,88%	89,88%	94,04%			
People with Disabilities (Note: Any value > 2% will be a 100% achievement on PWD target)	100,00%	100,00%	100,00%			

## SECTION 4: SKILLS DEVELOPMENT AND TRAINING

This section provides the quarterly reporting on the status of employee's skills development and training initiatives undertaken by employees. In line with the Training and Development Policy, JOSHCO offers a wide range of development provision enabling employees to gain skills competencies and experience necessary to contribute to the attainment of individual, team and organisational goals and expectations in an increasingly diverse and demanding context. During the quarter a number of employees attended training which is summarised in the table below.

### Training attended as at 31 December 2018

**Table 53: Training progress**

Training intervention	Target participants	Number of staff	Costs
Skills Development Facilitator Training	HR Administrator	1	R6 900.00
Enterprise and Supplier Development for Procurement Professionals	SCM Manager	1	R10 177.50
Annual Affordable Housing Conference	Chief Executive Officer	1	R32 434.25
SmartScreen Application and Biometric Integration Workshop	HR Officer and HR Administrator	2	R2 530.00
JBCC Suite of Contracts Edition 6.1	Contracts Managers, Town Planner, EM Housing Development, Programme Manager: Planning and Design, Compliance Officer	10	R80 488.50
ITIL Training	IT Technician and IT Manager	2	R15 410.00
<b>Total</b>		<b>51</b>	<b>R147 940.25</b>
<b>Total Committed Training Budget</b>			<b>R 745 794</b>

Applications for Bursaries has opened in November 2018 below is a breakdown of all applications received:

**Table 54: Bursary applications**

Recurring bursaries for studies above one year	Costs	New applications for bursaries	Costs
X 11 Staff Members	R253 985.00	X15 Staff Members	R 343 869.00
<b>Total</b>			<b>R 597 854</b>

## **SECTION 5: PERFORMANCE MANAGEMENT**

JOSHCO has a well-embedded standardised performance management policy and procedure for setting performance objectives, which is aligned to the Business Plan and Divisional plans. Formal performance reviews are conducted bi-annually and Year-end performance scores are the determinant of a performance reward. An enhanced performance development and coaching approach is being conducted on a continuous basis to ensure that employee performance is consistently and fairly reviewed.

### **Performance Management 2018 – 19**

As at 31 December 2018, the submission of Performance Agreements is at 87%.

## **SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES**

### **6.1 Employee representation**

The company has an effective consultative forum called Labour Management Forum (LMF) that sits monthly which provides a platform to engage with both unions on key issues affecting their members and the business at large. A total of 96 employees belong to both labour unions. SAMWU is currently a majority union, 4 pay Agency Shop Fees and 5 employees are not affiliated to any Union.

### **6.2 Local Labour Forum (LLF)**

This section intends to provide a summary of burning issues discussed and decisions taken at Local Management Forum. Management through the office of the CEO holds staff meetings as in when there is a need. This strategy is working well as communication of important decisions about the organisation is well management and contained. Management through the office of Executive Manager Corporate Support is tasked to ensure we are not only responsive to their issues but proactive in addressing any matter that has a potential to cause labour unrest within the organisation.

At this point in time, both management and organised labour enjoy a healthy employer and employee relationship which is yielding results for the organisation.

In this quarter, there have been no real burning issues from both management and organised labour except for one long outstanding implementation of grading results. We are happy to report that this agenda item has been actioned by management and its implementation took place in November payroll. Though some employees were not entirely happy, but majority are happy. This matter is now closed.

### **6.3 Labour Relations matters**

The table below summarises the labour relations cases recorded as at 31 December 2018:

Our disciplinary cases generally are not moving as fast as we want, this is due a number of reasons, like lack of capacity within HR to deal with all Labour Relations issues. This is mainly caused by our dependency from sister companies with regards to prosecution and presiding. Currently, this function is done on voluntary basis.

**Table 55: Disciplinary Cases**

Department	Employee charged with	Charge sheet served on	Occupational level	Gender	Age	Race	Status of the case
Housing Management	Dishonesty	13 January 2018	Semi-Skilled	Male	39	A	Closing arguments

## 6.5 Grievances

In this quarter, the organisation only received one (1) grievance as follows: -

**Table 56: Grievances summaries as at 31 December 2018**

Department	Nature of grievance	Occupational level	Gender	Age	Race	Grievance Status
Housing Management	A supervisor wants a back pay as he was forced to enter into a lease agreement by JOSHCO for a unit he deems an office.	Semi-Skilled	Male	36-45	A	Outcome pending

## 6.6 Suspensions

In this quarter the organisation recorded a total of three (3) suspensions with one suspension from the previous quarter. The other two employees were suspended effective from 1<sup>st</sup> November 2018.

**Table 57: Suspensions summaries as at 31 December 2018**

Department	Allegation (s)	Occupational level	Gender	Age	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	36-45	A	Investigation has started, service provider has been appointed
Finance	1.Gross insubordination, 2.Refusal to carry lawful and reasonable instruction 3. Putting the organization into disrepute.	Professionally Qualified / Middle Management	Female	36-45	A	Investigation stage

Department	Allegation (s)	Occupational level	Gender	Age	Race	Status
Housing	Dishonesty in that employee solicited a bribe	Housing	Male	36-45	A	Closing arguments

The table below summarises disputes at Bargaining Council to date

Currently there are no new disputes except for the two that were there in the previous quarter, we intend to provide update as follows: -

**Table 58: Disputes**

Department	Nature of Dispute	Background	Status
Housing Management	Unfair dismissal, in that JOSHCO failed to renew employment contract	JOSHCO failed to renew employment contract of an Executive Manager: Housing Management	Bargaining Council
JOSHCO	Mutual Interest	Both unions lodged a dispute of mutual interest relating to non-implementation of Grading results	Settlement agreement was reached, grading results implemented in November payroll 2018

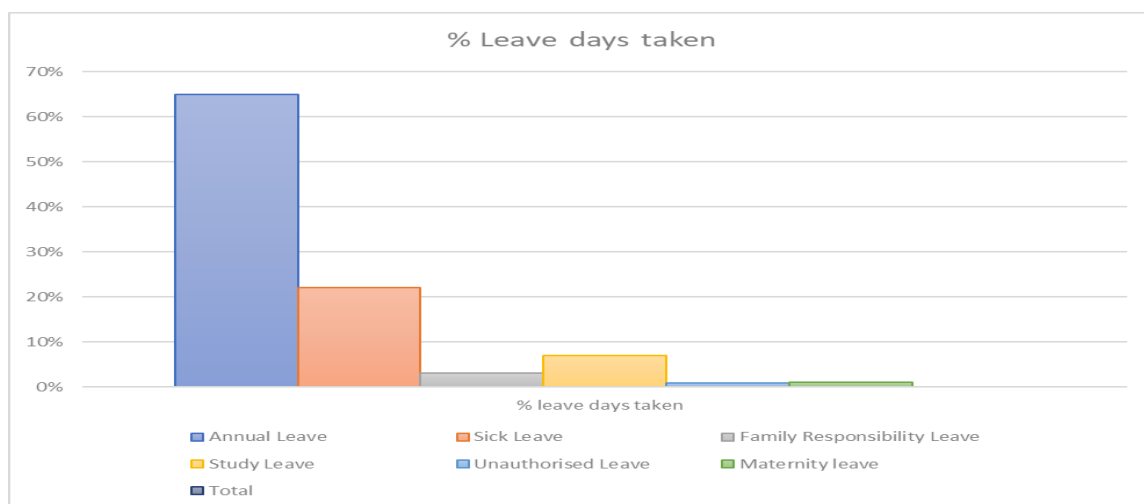
## SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hour's Policy and Main Collective Agreement. JOSHCO employees are entitled to 24 days leave per annum to be taken at a time convenient to JOSHCO and agreed upon by the line manager. 80 sick leave days in a three (3) year cycle and 5 family responsibility leave days are also provided. The section below provides a detailed overall leave management and analysis per department.

**Table 59: Overall Company Leave Analysis for the second Quarter**

Type of Leave	July – Sept	Oct – Dec	Total leave Days Taken	% leave days taken
Annual Leave	407.50	343.50	751	65%
Sick Leave	152.50	105	257.50	22%
Family Responsibility Leave	23	12	35	3%
Study Leave	3	78	104	7%
Unauthorised Leave	11	-	11	0.9%
Maternity leave	-	14	14	1%
<b>Total</b>	<b>597</b>	<b>552.50</b>	<b>1172.50</b>	<b>-</b>

As at 31 December 2018, a combined total of 1172.50 leave days were taken by employees. Annual leave was the most taken during the month of December due to festive seasons, and this however did not affect business operations.



**Figure 8: Leave Analysis**

Annual leave was the most leave taken by employees as per figure 1 above by 65%, Sick Leave at 22%, then Study leave at 9%, and Family Responsibility was the least Leave taken at 3%. 0.9% of leave was recorded as unauthorised leave (unapproved) and were treated as unpaid leave days. Tables below provides a detailed breakdown of leave days taken per department:

**Table 60: CEO Office**

Number of staff	Type of Leave	Jul-Sept	Oct-Dec	Total Days Taken
<b>Three (3)</b>	Annual Leave	7	8	<b>15</b>
	Sick Leave	5	3	<b>8</b>
	Family Responsibility Leave	-	5	<b>5</b>
	Study Leave	-	-	<b>-</b>
	Unauthorised Leave	-	-	<b>-</b>
	Maternity leave	-	-	<b>-</b>
	<b>Total</b>		<b>12</b>	<b>16</b>

**Table 61: Business Planning and Risk**

Number of staff	Type of Leave	Jul-Sept	Oct-Dec	Total Days Taken
<b>Seven (7)</b>	Annual Leave	10	11	<b>21</b>
	Sick Leave	4	3	<b>7</b>
	Family Responsibility Leave	1	-	<b>1</b>
	Study Leave	4	30	<b>34</b>
	Unauthorised Leave	-	-	<b>-</b>
	Maternity leave	-	-	<b>-</b>
	<b>Total</b>		<b>19</b>	<b>44</b>

**Table 62: Corporate Support**

Number of staff	Type of Leave	Jul-Sept	Oct-Dec	Total Days Taken
<b>Sixteen (15) including interns</b>	Annual Leave	31.50	25.50	<b>57</b>
	Sick Leave	18	21	<b>39</b>
	Family Responsibility Leave	1	-	<b>1</b>
	Study Leave	6	18	<b>24</b>
	Unauthorised Leave	-	-	<b>-</b>
	Maternity leave	-	14	<b>14</b>
	<b>Total</b>		<b>56.50</b>	<b>78.50</b>

**Table 63: Housing Development**

Number of staff	Type of Leave	Jul-Sept	Oct-Dec	Total Days Taken
<b>Eleven (11)</b>	Annual Leave	54	62	<b>116</b>
	Sick Leave	19	15	<b>34</b>
	Family Responsibility Leave	7	2	<b>9</b>
	Study Leave	-	7	<b>7</b>
	Unauthorised Leave	-	-	<b>-</b>
	Maternity leave	-	-	<b>-</b>
	<b>Total</b>		<b>80</b>	<b>86</b>

**Table 64: Housing management**

Number of staff	Type of Leave	Jul-Sept	Oct-Dec	Total Days Taken
<b>Forty-nine (49)</b>	Annual Leave	164.50	119	<b>283.50</b>
	Sick Leave	42	38	<b>80</b>
	Family Responsibility Leave	8	5	<b>13</b>
	Study Leave	-	25	<b>25</b>
	Unauthorised Leave	11	-	<b>11</b>
	Maternity leave	-	-	<b>-</b>
	<b>Total</b>		<b>225.50</b>	<b>187</b>

**Table 65: Supply Chain, Revenue and Finance**

Number of staff	Type of Leave	Jul- Sept	Oct-Dec	Total Days Taken
<b>Twenty-eight (28)</b>	Annual Leave	140.50	118	<b>258.50</b>
	Sick Leave	64.50	25	<b>89.50</b>
	Family Responsibility Leave	6	-	<b>6</b>
	Study Leave	3	21	<b>24</b>
	Unauthorised Leave	-	-	<b>-</b>
	Maternity leave	-	-	<b>-</b>
	<b>Total</b>		<b>214</b>	<b>164</b>

Human resources will continue to monitor the leave to mitigate against the abuse of sick leave.

## **SECTION 8: EMPLOYEE WELLNESS**

Due to low staff moral caused by non-implementation of grading results, Corporate Services decided not to schedule events as it was clear that employees would not be keen to attend any event organised by management.

### **Employee Assistance Programme (EAP)**

JOSHCO has an outsourced Employee Assistance Programme through ICAS, whereby employees and their immediate families can access the service free of charge. For this quarter ICAS has not sent JOSHCO reports related to the EAP.

## **SECTION 9: EMPLOYEE BENEFITS**

JOSHCO is a participating employer in one of the retirement and medical aid benefit schemes to provide post-employment benefits to all its eligible employees. Depending of the nature of employment (Fixed Term Contract vs Permanent), employees have an option of belonging to the City of Johannesburg accredited medical aid schemes and the retirements fund. A total of 86 staff members belongs to the retirement fund and 108 staff members belong to medical aid scheme which are accredited by the City of Johannesburg.





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

#### **Assets**

Current assets have decreased by R175 Million (from R394 Million to R219 Million) mainly as a result of a R109 Million decrease in the sweeping bank account balance. Claims to the City to be processed in January 2019.

There has been no material change on the composition of non-current assets.

#### **Liabilities**

Included in non-current liabilities is a conditional grant for the Joint Venture with Madulamoho and long-term loan from the DBSA. Current liabilities decreased by R158 Million (from R389 Million to R231 Million) as a result of the settlement of supplier invoices. Payables have decreased by R150 Million.

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

### Revenue

The following table shows how the entity's revenue was made up for the 6 months ended 31 December 2018:

**Table 66: Revenue Summary**

Revenue	Actual R'000	Budget R'000	Weighting
Rentals received (including levies)	62 721	73 198	81%
Subsidies	6 078	6 078	8%
Management fees	1 174	5 709	1%
Interest received	6 866	4 662	9%
Other income	587	1 296	1%
<b>Total</b>	<b>77 426</b>	<b>90 944</b>	<b>100%</b>

JOSHCO's rental facilities contributed 81% towards total revenue. It is however behind budget due to slow tenanting of new delivered units at various projects. JOSHCO's revenue collection target for the 2018/19 financial year is 90% of billing. Collections for the second quarter is 92%.

**Table 67: Results of Operations**

Results of Operations	Q2	Budget	Variance	Variance %
	R'000	R'000	R'000	
Rentals Received	62,721	73,198	(10,477)	-14%
Subsidies	6,078	6,078	0	0%
Management Fees	1,174	5,709	(4,535)	-79%
Interest Received	6,866	4,662	2,204	47%
Other Income	587	1,296	(709)	-55%
<b>Total Revenue</b>	<b>77,426</b>	<b>90,944</b>	<b>(13,517)</b>	<b>-15%</b>
<b>Total Expenditure</b>	<b>94,560</b>	<b>90,172</b>	<b>4,387</b>	<b>5%</b>
<b>Core Mandate (Deliverables)</b>	<b>54,489</b>	<b>54,684</b>	<b>(195)</b>	<b>0%</b>
Repairs and Maintenance - Flagship 1	6,127	23,198	(17,071)	-74%
Cleaning and Gardening - Flagship 1	8,128	11,821	(3,694)	-31%
Security - Flagship 1	12,685	6,938	5,747	83%
Utility Costs - Flagship 2	16,588	5,483	11,105	203%
Other Project Related Costs - Flagship 3	10,962	7,243	3,719	51%
<b>Administrative Costs</b>	<b>40,070</b>	<b>35,488</b>	<b>4,582</b>	<b>13%</b>
Governance and Staff Costs - Enabler 1	27,757	23,907	3,849	16%
General Expenses - Enabler 2	12,314	11,581	733	6%
<b>Surplus/Deficit Before Tax</b>	<b>(17,133)</b>	<b>771</b>	<b>(17,905)</b>	<b>-2321%</b>

- Total revenue is behind budget by R10.5 Million. This is mainly due to billing being under budget by 14% due to slow allocation at Hoek Street, African Diamond, Textile, Phoenix, Wolmarans, Devland and Turfontein. Billing on these projects to date is R2 Million vs a budget of R12 Million. Development spending is also depressed due to underspending and challenges related to budget allocation, thus JOSHCO was only able to collect 21% (R1.1 million) of the budgeted construction management fee of R5.7 Million.

- *Flagship 1 (Direct Project Costs)* JOSHCO creates value through the delivery of services through its core mandate. In considering the expenditure for the quarter, it must be related to JOSHCO's flagship projects and administrative enablers:
  - *Repairs and Maintenance* – it was 74% behind budget (R17 Million). This relates to responsive and planned maintenance in the projects. JOSHCO policy states that repairs and maintenance not related to the structure must be done only for tenants that are up to date with their rental.
  - *Cleaning and Gardening* – it was behind budget by 31% (R 3.7 Million) and is directly related to the Zenzele project. The amount budgeted for includes management fees which JOSHCO is saving resulting from the removal of the middle man between the Zenzele co-operatives and JOSHCO. A decision was taken after approval of the budget.
  - *Security costs* – security cost is ahead of budget by 83% (R5.7 Million) due to additional security placed at the Devland projects after it was vandalised by the community and also due to projects on the planning stage where construction has not commenced and costs cannot be capitalised.
- *Flagship 2 (Utility services)* - it was 203% (R11.1 Million) ahead of budget based on actual billing from the City which is significantly higher than our budgeted figures.
- *Flagship 3 (Tenant services)* - It was 51% (R3.7 Million) ahead of budget due to slow rental collection leading to a higher provision for bad debts.
- *Enabler 1 (Salary and staff costs)* – it was 16% (R3.8 Million) mainly due to implementation of the grading results and issuing of bonuses based on new salary scales.
- *Enabler 2 (General Expenditure)* – the expenditure was over budget by 6% (R733 Thousand).

### SECTION 3: CASH FLOW STATEMENT

Cash and cash equivalents balance as at 31 December 2018 was R39.7 Million. The tenant deposit account has a balance of R15.6 million the balance R24 million is in the SHRA trust account. An amount of R87.7 Million is held in the sweeping account and is disclosed under Loans to Shareholder

### SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

JOSHCO has been allocated a budget of R 321 Million funded from CoJ Loans, Urban Settlement Development Grant, and National Provincial Grant. In the current financial year, JOSHCO had the following programmes:

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

As at 31 December 2018, JOSHCO's verified spend was 37% against a target of 30% per the table below.

**Table 68: Verified Spend**

SOURCE	BUDGETS	CLAIMS	%
EFF -350	84,017,329.00	34,795,068.26	41%
CRR-360	59,000,000.00	7,755,840.01	13%
USDG-373	25,000,000.00	72,349.70	0%
OTHER - 376	20,500,000.00	-	0%
Other	132,482,671.00	76,876,129.34	58%
<b>TOTAL</b>	<b>321,000,000.00</b>	<b>119,499,387.31</b>	<b>37%</b>

## SECTION 5: RATIO ANALYSIS

The following ratios are considered as crucial in measuring the “financial health” of the entity:

### 5.1 Current Ratio (Acid Test Ratio)

$$\text{Current Ratio} = \frac{\text{(Current Assets)}}{\text{(Current Liabilities)}} = \frac{\text{R219 million}}{\text{R231 million}} = \underline{\underline{0.95:1}}$$

The unfavorable current ratio is due to reduction in loans to shareholder and CAPEX Debtors.

### 5.2 Solvency Ratio

$$\text{Solvency Ratio} = \frac{\text{(Total Assets)}}{\text{(Total Liabilities)}} = \frac{\text{R258 million}}{\text{R267 million}} = \underline{\underline{0.97:1}}$$

The unfavorable current ratio is due to reduction in loans to shareholder and CAPEX Debtors.

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

### 6.1 DEVIATIONS ON SCM

The details of the deviations recorded for the period as approved by the Accounting Officer for the 6 months ending 31 December 2018 are as follows:

**Table 69: A list of deviations for the period October to December 2018:**

Name of Service Provider	Description of minor breach	Reason for the deviation	Legal	Amount in Rands
Panel of Repairs and Maintenance	Extension of Maintenance contract for the Panel of Repairs and Maintenance	Tender under Bid Evaluation to be completed before 28 February 2019	MFMA Regulation 36(1)(a)(ii)	R 7 000 000
Sunny Side Park Hotel	Hire of conference venue for Hosting a Strategic Session with JOSHCO Board of Directors	Emergency: Short Notice request from the user department	MFMA Regulation 36(1)(a)(i) & (ii)	R 35 470
Pitney Bowes Batsumi Enterprise Solutions	Pressure Seal Paper 84 Boxes	The goods are available from a single provider only	MFMA Regulation 36(1)(a)(ii)	R 120 750
				<b>R 7 156 220</b>

## 6.2 VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS:

**Table 70: A list of approved variations for the period October to December 2018:**

Name of Service Provider	Description of minor breach	Reasons for the variation	Legal	Amount in Rands
Kasipu Consulting	Facilitation of Strategic Session with JOSHCO Board of Directors	Extension of service scope to cover the board session.	Extension - MFMA Circular 62	R 22 000
Steffanutti Stocks	Variation Order for Turffontein	Additional scope of work to be completed by the contractor not included in the original BoQ's	Extension - MFMA Circular 62	R 11 447 410
				<b>R 11 469 410</b>

## 6.3 PAYMENTS WITHIN 30 DAYS

There were two suppliers who were not paid within 30 days during the period. One supplier was paid late due to the banking details on the invoice not matching the banking details per the supplier database. The other supplier's payment was put on hold pending submission of the final report for work done.

## 6.4 ACHIEVEMENT ON BBBEE

- A total of R 104 890 355 spent on suppliers with at least 51% black ownership, as summarised below:

**Table 71: Summary of spent to at least 51% black owned companies:**

Period	Total Opex Procurement Expenditure	Opex Expenditure to at least 51% black owned companies	%
<b>Quarter 1:</b> July to September 2018	R 15 333 655	R 11 399 228	<b>74%</b>
<b>Quarter 2:</b> October to December 2018	R 17 827 764	R 13 422 146	<b>75%</b>
<i>Total Cumulative as at December 2018</i>	<b>R 33 161 419</b>	<b>R 24 821 374</b>	<b>75%</b>
Period	Total CAPEX from procurement activities	CAPEX to at least 51% black owned companies	%
<b>Quarter 1:</b> July to September 2018	R 37 644 899	R 35 719 250	<b>95%</b>
<b>Quarter 2:</b> October to December 2018	R 75 773 346	R 44 349 731	<b>59%</b>
<i>Total Cumulative as at December 2018</i>	<b>R113 418 245</b>	<b>R 80 068 981</b>	<b>71%</b>
<b>TOTAL</b>	<b>R146 579 664</b>	<b>R104 890 355</b>	<b>72%</b>

\* The above expenditure excludes any CAPEX subcontracting/SMME or related activities

## 6.5 REPORT IN IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

**Table 72: The table below entails the identified fruitless and wasteful expenditure for the cumulative period ending December 2018**

Date of discovery	30/09/2018
Date Reported to Accounting Officer	30/11/2018
Date of Payment	30/09/2018
<b>Description of Incident</b>	<b>Amount</b>
VAT return penalty	R20 885,96
Interest	R3 479,60
<b>Total</b>	<b>R24 365,56</b>

## SECTION 7: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

**Table 73: Statement of amounts owed**

<b>Name of department</b>	<b>Amounts owed</b>	<b>Account status</b>
City of Johannesburg: Sweeping account	R99 621 808	Current
City of Johannesburg: Treasury	R 5 958 169	180 days overdue
City of Johannesburg: Housing	R11 299 794	90 days overdue
City of Johannesburg: CAM	R15 421 016	Current
Gauteng Department of Human Settlements	R15 968 757	180 days overdue
<b>Total</b>	<b>R148 269 544</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 the plan was approved by the Audit & Risk Committee.

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

**Table 74: Audit findings raised by Internal Audit as at 31 December 2018**

Current Year: 2018/19			
FY	Findings Raised	Resolved	% Resolved
Opening Balance 2018/19*	37	33	89%
Findings Raised during 2018/19 to date	11	1	9%
<b>Total</b>	<b>48</b>	<b>34</b>	<b>71%</b>

\*The opening balance should indicate the age analysis of the findings

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

6 findings were raised in the previous 2016/17 financial year and to date only 2 have been resolved, 2 partially resolved and, 2 not resolved.

The Audit-General completed its 2017/2018 audit in November 2018, and a total of 22 findings were raised during the audit. 4 of the findings raised have been addressed as at the reporting period.

**Table 75: Audit findings raised by Auditor General as at 31 December 2018**

	New in 2017/18 F/Y	Repeat Finding	Action to Resolve
Matters affecting Audit Opinion.	5	0	Audit Plan has been developed with indicative actions to resolve findings raised
Important Matters.	17	1	
Administrative Matters	0	0	

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

Internal audit has assessed the control environment for the following areas:

- Stakeholder Management; and
- IT General Controls;

The audits are at completion stage and reports will be issued early in the 3<sup>rd</sup> Quarter.

