



a world class African city



ANNUAL REPORT 2015/2016

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

(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 / NON PROFIT COMPANY**

COMPANY INFORMATION:

Registration number: 2003/008063/07
Registered Address: 1st Floor, 137 Sivewright Avenue
New Doornfontein
Johannesburg
2094

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E-mail : info@JOSHCO.co.za

Bankers : Standard Bank of SA Limited

Auditors : Auditor-General

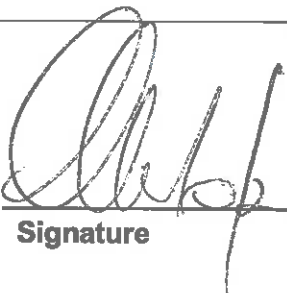
Vision

“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”.

Mission

“Provider of quality, affordable housing designed to world class standards that contribute to a sustainable, resilient and liveable city by 2040”.

Approval:

<u>S. MAROTA</u> Name & Surname Chief Financial Officer	<u></u> Signature	Date of Approval: _____
<u>M. Nkomo</u> Name & Surname Chief Executive Officer/MD	<u></u> Signature	Date of Approval: _____
<u>ZEONA A. JACOBS</u> Name & Surname Chairperson of the Board	<u></u> Signature	Date of Approval: _____
<u>Mabanzi Ntuli</u> Name & Surname MMC	<u></u> Signature	Date of Approval: _____

PART B

Basis of Preparation and Presentation

JOSCHO's basis of the preparation of the Integrated Report is to provide a more cohesive and efficient approach to corporate reporting that draws on different reporting components and communicates the full range of factors that materially affect the ability of an organisation to create value over time. This means that, JOSHCO seeks to report on its annual financial performance, operations, human capital management, Information Communication Technology, performance management and, how the Board has governed and directed the organisation towards the achievement of its set annual objectives.

Summary of the Organisation's Materiality Determination Process

Material matters are classified as material once their measurement pose a risk towards the achievement of set objectives. Risk managements plays a key role in determining material reportable information including their effect on objectives and how those who are charged with governance must respond to such matters as a response to identified weaknesses within the control environment.

Principle 2.2 of the King III report on corporate governance requires the Board to identify key performance and risk areas as well as the associated performance and risk indicators and measures. This include areas such as finance, ethics, conduct, compliance and sustainability. Management is tasked with the running of the organisation's day to day business, which then allows management to identify material matters that exposes the organisation to risk and develop the necessary risk response measures and report to the Board on how it has addressed material matters either (internal or external) to provide the Board with assurance that, stringent measures are in place to respond to material matters.

Description of the Reporting Boundary

The reporting boundary of the report is limited to JOSHCO's performance for the year ended 30 June 2016 as a Municipal Entity of the City of Johannesburg that provides and manages affordable rental housing for the lower income market as an integral part of efforts to eradicate the housing backlog of the City. The boundary of the report extends beyond financial reporting and includes non-financial performance.

Summary of the Significant Frameworks and Legislation used to prepare the report

- Municipal Finance Management Act (MFMA)
- Municipal Systems Act (MSA)
- National Treasury circular 63
- Generally Recognised Accounting Practices (GRAP)
- Interpretation of Statements issued by the Accounting Standards Practices Board
- International Financial Reporting Standards (IFRS)
- Companies Act of 2008
- King III Report on Governance for South Africa 2009
- Joburg 2040 Growth Development Strategy (GDS)
- Integrated Development Plan (IDP)

Assurance Process for the Integrated Annual Report

Principle 9.1 of the King III report on Corporate Governance requires the Board to ensure that, the organisation has implemented a structure of review and authorisation designed to ensure the truthful and factual presentation of the organisation's financial position. JOSHCO's assurance process of the Integrated Report is through its governance structures. The Integrated Annual Report is submitted to the Audit Committee for review of financial information and provides the Board with assurance that, it has comfort on reported information. The Board ultimately assumes responsibility of approving the Integrated Annual Report by approving the report.

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CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY



Photo: JOSHCO's AA House

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 (City). 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 the City. JOSHCO is a registered social housing institution and is accredited by the Social Housing Regulatory Authority (SHRA).

The core business of JOSHCO may therefore be said to include: the development of social rental housing; the refurbishment, upgrading and management of Council owned rental housing stock, including hostels; housing management; the refurbishment, conversion and management of inner city buildings into social housing units; and the provision of turnaround strategies where necessary.

As a Municipal Owned Entity, JOSHCO is required to comply with all the relevant legislation (i.e. Municipal Finance Management Act; Municipal Systems Act and the Companies Act). The policies and strategies of JOSHCO are strongly influenced by the vision of the City of Johannesburg, as outlined in the Growth Development Strategy 2040 (GDS) and the Integrated Development Plan (IDP).

SECTION 2: STRATEGIC OBJECTIVES



1. Enhanced Financial Sustainability and Resilience
2. 50% to 60% of new projects will be developed within 1km square radius of Corridors of Freedom
3. Achieve world-class architectural and urban design for all projects.
4. Constructing Quality Places
5. Adherence to best practice property management
6. Enhance tenant participation through adoption of a participatory site development model
7. Portfolio enhanced to achieve highest resource efficiency
8. Transition to integrated information and communications platform and system
9. Staff progression
10. Economic development and work creation

SECTION 3: VALUE CREATION PROCESS

Inputs

Financial Capital

- R100 million across budget allocated
- R250 A million (Government Budget)

Manufactured Capital

- Common/interoperable Smart City platforms
- Joburg 2040 Growth and Development Strategy
- Property development assets (e.g. mixed development projects)

Intellectual Capital

- Joburg 2040 GDS strategy
- Smart City strategy
- Strategic Area Instruments for the Corridors of Freedom
- City legislation, licensing and innovation attraction potential
- Specialist knowledge and innovation (e.g. economic planning and management)
- The community based planning programme

Human Capital

- 117 employees
- Staff retention stands at 95%
- 40-50 gender representation
- 81% spent on staff development

Social and Relationship Capital

- Residents and revenue collection
- Volunteer programmes
- Targeted stakeholder groups (e.g. women, youth and the elderly)
- Investor relations
- Media, Nkomo's and academic stakeholders
- Provincial Government, SITA

Natural Capital

- Periodic challenges to achieve sufficient resource efficiency
- Natural resource sustainability
- Energy efficiency
- Solar energy supplies
- Water (industrial industries)
- Bulk water harvesting

Context

- 12 National Outcomes
- Public Consultation Process
- Joburg 2040 Growth and Development Strategy
- GDS Outcomes driven through four Clusters
- 10 IDP Flagship priorities

5 Key risks

- 1 Organisational structure not aligned to strategic business plan
- 2 Supply chain management inadequacies
- 3 Non-compliance to health and safety standards for JOSHCO buildings
- 4 Miscommunication of information to staff and stakeholders
- 5 Development projects not completed on time

Opportunities

- Improved investment attraction
- Optimal use of City's key assets
- Creation of Sustainable Human Settlements
- Eco Mobility
- Improved citizen participation
- Improved social cohesion through "Corridors of Freedom"
- Growth of the informal business sector
- Enhanced support for SMME's and Cooperatives

Outputs/ Programmes

- Leverage optimum value from city-owned assets
- Transform the inner City through the inner city properties in the Greater Soweto, Area, Greater Orange Farm, Ivory Park and Alexandra and promote mixed development projects
- Resuscitate declining and decaying economic nodes within the city
- Promote sector diversification, productivity and competitiveness support
- Develop a dynamic entrepreneurial spirit and innovation to promote increased investment through SMME support
- Promote multi-level skills development programmes
- Promote area-based economic initiatives
- Promote citizen participation and empowerment
- Enable 'Smart City' initiatives
- Promote human capital development and management
- GCR institutionalisation
- Ensure integrated planning
- Promote innovation and knowledge sharing
- Institutionalise strong governance, risk management and compliance
- Ensure financial sustainability
- Maintain strong administrative governance
- Enable 'Smart City' initiatives
- Promote strategic communications and marketing
- Ensure positive strategic relations
- Implement the Older Persons' package: Food security advocacy and social networking
- Support orphans and vulnerable children through social grants, food support, education and recreation
- Implement the Mayoral Flagship Project "A City where none go hungry"
- 'Green' pools through solar gyms and facilities
- Support small emerging farmers who were engaged in backyard and homestead gardening
- Promote behavioural change to reduce years of life lost
- Capacitate Community emergency response Teams (CERT) in all seven Regions

Strategy/GDS Principles

Economic Sustainability

- Build and grow and inclusive economy

Administrative Sustainability

- Promote good governance

Social Sustainability

- Advocate poverty
- Achieve social inclusion through support and enablement

Environmental Sustainability

- Build sustainable human settlements
- Ensure resource security and environmental sustainability

Outcomes

Economic sustainability

- 274m invested towards SMME/BBBEE empowerment
- R22m towards the Joburgwork Programme
- 909 jobs opportunities created
- 142 cooperatives benefited

Administrative sustainability

- 90 fm revenue collected = 93% collection rate

Social sustainability

- 1010 units allocated in the inner city
- 520 units allocated in the Far East Bank
- 432 units allocated in the Roadpoint

Environmental sustainability

- Energy efficiency
- Solar energy supplies
- Water (industrial industries)
- Bulk water harvesting

SECTION 5: MMC'S FOREWORD



It is with great pleasure that I present the 2015/16 annual report, summarising JOSHCO's strategy, and outlining an overview of the performance of the entity and achievements of the year under review.

After 12 years in existence, JOSHCO remains focused on delivering on its mandate to provide affordable rental accommodation to the city's most vulnerable communities.

I am pleased that JOSHCO continues to deliver on its mandate, even during difficult economic times, its delivery targets speaks for themselves. The work of JOSHCO is a contribution to addressing the imbalances of the past. In collaboration with our key stakeholders, we have managed to achieve the integration of developments along the corridors of freedom.

JOSHCO conducts resident support workshops on an ongoing basis to build knowledgeable and self-sustainable communities. It is encouraging to see JOSHCO advocate for its residents to be actively involved in developed incentive programmes within the spaces that they live in - showing genuine interest in job creation and small to medium-sized enterprise development. The company has contributed to the Extended Public Works Programme (EPWP) and Jozi@Work programmes which are designed to create opportunities for communities to partner with the City in the delivery of municipal services in their own neighbourhoods to reduce poverty, inequality and unemployment across the City. It is pleasing to see a *zero tolerance approach towards Fraud and Corruption*.

I am confident that, JOSHCO will continue to provide quality, affordable housing that transforms the lives of tenant communities.

The City is very proud of JOSHCO for providing residents with clean, safe and secure living environments.

Wishing the staff and management of JOSHCO all the best for the new financial year 2016/17.

A handwritten signature in black ink, appearing to be 'Mzobanzi Ntuli', written in a cursive style.

Cllr Mzobanzi Ntuli
Member of the Mayoral Committee: Housing

SECTION 6: CHAIRPERSON'S FOREWORD



It is with great pride that we present the annual report for the 2015/16 financial year.

This report provides a broad overview to our stakeholders, of what we do as JOSHCO and how we have performed against our targets, key achievements and the growth and sustainability of the entity.

The 2015/16 financial year presented the organisation with numerous challenges; slow economic growth, increased capital budget, the resignation of the long serving CEO as well as an election year. Despite the above, JOSHCO still managed to achieve and exceed the targets.

We salute the tenants of JOSHCO that despite these difficult economic times, they committed to meeting their obligation which enabled the organisation to achieve 91% revenue collection. The executive management team deserve a particular mention for the

dedicated effort in achieving 100% capex spent as well as delivering 818 housing units against a target of 800. I therefore commend the Acting CEO, her management team and all staff of JOSHCO for working tirelessly throughout the year in order to deliver on the mandate of the entity.

Going forward, we intend to continue to deliver more housing units within the corridors of freedom and the inner city creating more jobs through EPWP and Jozi@work as well as transforming the lives of tenant communities.

I am appreciative of the support I have received from all my fellow Board of Directors in providing support for oversight and strategic direction to a dynamic organisation such as the Johannesburg Social Housing Company.

The board wishes to express our sincere gratitude to Mr Rory Gallocher for his leadership and dedication to JOSHCO during his ten year tenure. We wish him well in his new position as CEO of the SHRA.

On behalf of the Board I would like to extend our gratitude to our political heads, MMC Dan Bovu and the Executive Mayor: Cllr Parks Tau and his team for the invaluable support they have provided to JOSHCO throughout the year.

We would also like to take this opportunity to welcome the new MMC of Housing, MMC Mzobanzi Ntuli and wish him all the success during his term of office.

We look forward to working with MMC Ntuli in proving the residents of the City of Johannesburg with continued and improved quality services in the new financial year.

Ms Zeona Jacobs
Chairperson: Board of Directors

SECTION 7: ACTING CHIEF EXECUTIVE OFFICER'S REPORT



The 2015/16 financial year proved to be a challenging one for JOSHCO yet we emerged with greater clarity, a heightened sense of purpose, and still managed to reach and exceed expectations.

This report indicates how the elevation of service delivery to meet challenging prescribed standards has been pursued over the past 12 months. JOSHCO's attitude towards the challenges of service delivery has been in line with the thoughts and vision of Councilor Parks Tau who stated in his 2015\16 State of the City Address that "the City must turn challenges into opportunities". JOSHCO's successful contribution towards key flagship programmes such as Jozi@Work, Corridors of Freedom, Delivery of Human Settlements, Best Practice Property Management Standards and the Inner City Transformation Roadmap

over the last year, has resulted in the organization accessing unprecedented opportunities.

Having received a capital budget allocation of just under Half a Billion Rand for this financial year, steps were taken throughout the year to increase staff establishment, and recovery plans were devised and implemented for all development projects. The achievement of 100% expenditure on a budget of **R493,4m** is one that we are satisfied to have achieved.

The new housing development pipeline provided a target of 800 social housing units to be developed between July 2015 and June 2016. JOSHCO overachieved this target by 18 units thereby producing a total of 818 social housing units spread throughout various parts of the Corridors of Freedom.

The shift towards more sustainable job creation has been realized through JOSHCO's Jozi@Work initiatives. Within the Jozi@Work programme a total of 909 jobs were created and more significantly 142 co-ops benefited from a total value of over **22m**. This sustainable programme will be enhanced and continue to grow in the upcoming financial years.

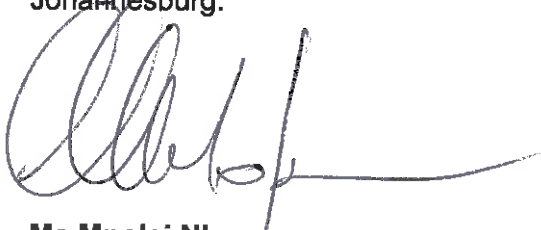
JOSHCO has continued to play a key role in contributing towards the transformation of the Inner City, by providing affordable rental housing. Remarkably, JOSHCO purchased 5 Inner City properties that are anticipated to yield an additional 812 units to JOSHCO's portfolio in the coming years.

JOSHCO's adherence to best property management standards is reflected in the fact that of the 6336 maintenance jobs logged between July 2015 and June 2016 by existing tenants, 99% were resolved within the prescribed turnaround times set out in the Service Level Agreement signed with the City. This is largely thanks to improvements in JOSHCO's maintenance processes and continual monitoring of contractor performance.

The implementation of a Stakeholder Engagement and Communications Plan continued to grow from strength to strength. The plan has allowed existing tenants and communities to actively participate in community development and provide key input in service delivery matters and milestones.

I would like to express my sincere gratitude and extend my appreciation to the JOSHCO Board for providing strategic direction, and to the Management Team and Staff, for their continued hard work and dedication. They truly understood the importance of achieving and in most cases exceeding service delivery targets; in spite of internal capacity limitations during this fourth quarter. Whilst there remains room for improvement, the overall performance of the organization which displays a 90% KPI achievement, is representative of a report card that would not have been realized without the efforts of 100 JOSHCO employees who excelled beyond what the report card compelled them to.

The real value of the company is to be found in its human capital, I would therefore like to call on employees and management to continue living the values of integrity, passion and dedication. Let us make 2016/2017, the year in which JOSHCO enhances its focus on delivering affordable housing close to transport nodes and addressing the needs of the community and environment in Johannesburg.

A handwritten signature in black ink, appearing to be 'M. Nkopane', with a long horizontal flourish extending to the right.

Ms Mpolai Nkopane
Acting Chief Executive Officer

SECTION 8: 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 and hence in certain instances exceeded some of our targets.

Revenue collection report

Tenant billings for the 2015/16 financial year amounted to **R102.3 m** of which **R93.1 m** was collected and thus representing a collection rate of 91%. The collection rate for the financial year was 2% ahead of a budgeted collection rate of 89%.

Financial Performance

Revenue and expenditure were recorded on the accrual basis of accounting (i.e. transactions are recorded as they occur irrespective of when the related cash movement would take place) and resulted in a net surplus before taxation of **R3.7 m**.

In terms of entity policy, variances in excess of R1.4 million (i.e. 1% of total revenue) must be reported and supported with explanations. The following reasons apply to material variances:

- Total revenue was ahead of budget by 5% (**R140.6m** vs **R134.4m**) mainly due management fees and interest received. Management fees relates to a 3% commission that JOSHCO earns during the development of projects and interest received relates to a positive bank balance throughout the financial year.
- Repairs and maintenance - This relates to both planned and unplanned repairs and maintenance and delivery has occurred in terms of the approved business plan.
- Other project related costs were ahead of the budget by 64% (**R5.7 m**) mainly due to bad debts. These was as a result of the current economic conditions which adversely impacted on some of our tenants.
- General expenses were below budget due to cost containment measures as prescribed by National Treasury through MFMA Circular 82.

Capital Expenditure

CAPEX projects are directed towards the development, renovation and upgrade of COJ and JOSHCO's properties that are to be leased as housing units. JOSHCO's performance on capital projects reflects an actual expenditure including accruals of **R493.0m** against total budget of **R493.4m**. This translates to an achievement of 100% for the financial year.

Black Economic Empowerment

The entity's total expenditure (i.e. both capital and operational) for the period ended 30 June 2016 amounted to **R294.4 m** of which **R274.0 m** was for the benefit of small medium enterprises and companies that comply with the prescripts of the Broad Based Black Economic Empowerment legislation. The expenditure for the benefit of these companies represented 93% of the total expenditure and this was ahead of the 90% target.

Going concern

The going concern of the entity over the short term (i.e. 12 months) can be demonstrated by considering the accumulated reserves of **R17.1 m**. It is further supported by the current ratio which shows liquidity of entity as 1.05:1 (current assets to current liabilities). The solvency ratio was at 1.04:1 for the period ended 30 June 2016. The entity is therefore able to continue its operations over the foreseeable future.

JOSHCO is currently dependant on a subsidy from the City of Johannesburg over the medium term. It is the intention of the Board of directors and management to become self-sufficient in the management of the housing stock. To this end, JOSHCO intends to be more innovative in its systems for the take-on of tenants and rental collections and the implementation of efficiencies in practising supply chain management.



Mr Success Marota CA (SA), RA
Chief Financial Officer

SECTION 9: COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary in respect of Section 88(2) (e) of the Companies Act

In my capacity as the Acting Company Secretary of the Company, I hereby declare In terms of Section 88(2) (e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



Ms Tshidi Molefe
Acting Company Secretary

CHAPTER TWO: GOVERNANCE

SECTION 1: CORPORATE GOVERNANCE STATEMENT

i. Ethical Leadership

The Board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment. The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders.

ii. Corporate Governance

The entity applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in the governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III Code on Corporate Governance. Through this process the shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with the King Code on Corporate Governance forms part of the mandate of the Audit Committee.

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol in its Board Charter, which inter alia regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics.

iii. Corporate Citizenship

The Board and Management recognise that the entity is formed under a political structure. As such, it has a social and moral standing in society with all the attendant responsibilities. The Board is therefore responsible for ensuring that the entity protects, enhances and invests in the well-being of the economy, society and natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

The organisation is part of society and the economy, and it uses its resources to improve peoples' lives through jobs and Housing.

iv. Compliance with laws, rules, codes and standards

The Board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.

SECTION 2: BOARD OF DIRECTORS

The Board of Directors is presided over by a non-executive Director.

The Board, under the Chairpersonship of Ms Zeona Jacobs, meets at least quarterly, retains full and effective control over the Company and monitors executive management through a structured approach to reporting and accountability. The Board of Directors comprises of nine non-executive directors and two executive directors, the acting CEO and the CFO. The Directors have a range of skills and experience that they bring to the benefit of JOSHCO.

A declaration of interests register with Directors and Senior Management disclosures are kept and updated.

The Board Composition at the end of the 2015/2016 financial year was as follows:

Member	Capacity: Executive / Non-Executive	Race	Gender	Skills
1. Ms Zeona Jacobs	Chairperson	C	F	Business Leadership, Business Strategy, Marketing, Corporate Governance and Human Resources
2. Dr Lesenyego Matlhape	NED	A	M	Doctorate in Leadership and Management, Corporate Governance, Masters in Management, Exposure to several industries throughout the IDC, Business Management Skills, Executive Coaching, General Management in Various Areas, Former Member of IDC Executive Team for 14 years, Executive Leadership Skills, Remuneration and Executive Remuneration Skills, Human Resources and Labour Relations and Training Skills, Board Membership for IDC, Investec Companies.
3. Professor Bhekisipho Twala	NED	A	M	Construction, Engineering and Business Leadership
4. Ms Nosicelo Twala	NED	A	F	Researcher, Social analyst, Social Facilitator, Governance and Business Leadership
5. Mr Edgar Neluvhalani	NED	A	M	Environmental Specialist, Governance and Business Leadership
6. Ms Buyiswa Majola	NED	A	F	Active in community affairs, Leadership, Project Management and Law

Member	Capacity: Executive / Non-Executive	Race	Gender	Skills
7. Father Molefi Olifant	NED	A	M	Business Leadership, Corporate communication, Project and Strategic Management, Facilitator and Coaching. Ordained & Practicing Anglican Priest, Pastoral Care, Counselling and Community Development.
8. Mr Joel Chauke	NED	A	M	Actively engaged in traditional healers affairs in SA and Business Management.
9. Ms Dereleen James	NED	C	F	Actively engaged in community affairs and Business Management
10. Ms Mpolai Nkopane	Acting CEO	A	F	Development Finance, Strategy development and Implementation and Business Leadership.
11. Mr Success Marota	CFO	A	M	Finance, Audit and Business Leadership

Board Meeting and Committee attendances for the 2015 – 16 financial year

Board of Director	Board			Corporate Support			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	8			5			4			4		
1. Ms. Zeona Jacobs	7	-	1	-	-	-	-	-	-	1	-	-
2. Dr. Lesenyego Matlhape	7	-	1	5	-	-	-	-	-	-	-	-
3. Dr. Didibhuku Thwala **	7	-	-	-	-	-	3	-	-	-	-	-
4. Ms. Glenda Sengoara **	7	-	-	-	-	-	2	-	1	-	-	-
5. Ms. Buyiswa Majola	8	-	-	5	-	-	-	-	-	4	-	-
6. Rev. Molefi Olifant	8	-	-	5	-	-	-	-	-	-	-	-
7. Mr. Joel Chauke	7	-	1	-	-	-	4	-	-	-	-	-
8. Ms. Dereleen James	6	-	2	-	-	-	-	-	-	4	-	-
9. Ms. Thembi Sethaelo **	7	-	-	-	-	-	3	-	-	-	-	-
10. Mr. Rory Gallocher ***	4	-	-	3	-	-	2	-	-	1	-	-
11. Mr. Success Marota	8	-	-	5	-	-	4	-	-	3	-	1
12. Ms. Nosiselo Twala *	1	-	1	-	-	-	-	-	-	-	-	-
13. Mr. Edgar Neluvhalani *	2	-	-	-	-	-	1	-	-	-	-	-
14. Prof. Bhakisipho Twala *	2	-	-	-	-	-	1	-	-	-	-	-
15. Ms. Mpolai Nkopane ****	2	-	-	2	-	-	3	-	1	3	-	-

* Member appointed in March 2016; ** Member retired in March 2016; *** Resigned in January 2016; **** Member appointed in an acting capacity in February 2016.

Audit Committee Members

Names of Audit Committee Members	Audit Committee			Risk Committee		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	6			4		
1. Mr. Haroun Moolla	6	-	-			
2. Mr. Robert Hill	6	-	-	4	-	-
3. Ms. Mpho Mosweu **	5	-	-			
4. Ms. Thembi Sethaelo **	5	-	-			
5. Ms. Lulama Zabala*	1	-	-			
6. Mr. Edgar Neluvhalani*	0	-	-			
7. Mr. Rory Gallocher ***	4	-	-	3	-	-
8. Mr. Success Marota	8	-	-	4	-	-
9. Ms Mpolai Nkopane****	1	-	-	2	-	-

* Member appointed in March 2016; ** Member retired in March 2016; ***Resigned in January 2016; ****appointed in an acting capacity in February 2016

SECTION 3: BOARD COMMITTEES

The following committees have been formed by the Board, each of which is chaired by a non-executive director.

- Corporate Support Committee;
- Development Committee; and
- Social and Ethics Committee.

The Audit Committee is a statutory committee and 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 an independent non-executive director. The Risk Management Committee is a sub-committee of the Audit Committee.

The organogram below reflects the different committees.



Audit Committee

The Audit Committee's composition is compliant with the Local Government: Municipal Finance Management Act, Act 56 of 2003, and consist of the members listed hereunder.

H Mooila	Independent Audit Committee Member (Chairperson)
R Hill	Independent Audit Committee Member
L Zabala	Independent Audit Committee Member (Appointed in the 4th quarter)
E Neluvhalani	Non – Executive Director (Appointed in the 4th quarter)
M Mosweu	Independent Audit Committee Member (Retired in the 4th quarter)
T Sethaelo	Non – Executive Director (Retired in the 4th quarter)

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

- Financial Reporting and Reliability of Financial Information;

- Business Planning and Budget Implementation;
- Assist the Risk Committee to 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 absolute confidence and confidentiality, about possible wrongdoing or improprieties in financial reporting and other matters; and
- 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.

Risk Management Committee

This Committee is a sub-committee of the Audit Committee. It is chaired by Mr Robert Hill, an Independent Audit Committee member. The Committee consists of the Chairperson and the Members of the Executive Committee of JOSHCO. The duties of the Risk Management Committee as delegated by the Audit Committee is set out in its charter, and inter alia includes the following: -

- 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 the Committee's formal opinion to the Audit Committee 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.

Corporate Support Committee

The Committee consisted of the following members:-

L Matlhape	Non-Executive Director (Chairperson)
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B Majola	Non-Executive Director (Moved in the 4th quarter)
M Olifant	Non-Executive Director
D James	Non – Executive Director (Appointed in the 4th quarter)

The mandate of the Corporate Support 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

Development Committee

The Committee consisted of the following members:-

B Twala	Non-Executive Director (Chairperson)
J Chauke	Non-Executive Director
N Twala	Non-Executive Director
G Sengoara	Non – Executive Director (retired in the 3rd quarter)
D Thwala	Non – Executive Director (retired in the 3rd quarter)

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

- To approve reports on detailed investigation stage of new developments, 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.
- To approve reports on detailed investigation stage of new developments, and to give approval to proceed with the development i.e. Design and Business Plan development stage.

Social and Ethics Committee

The Committee consisted of the following members:

M Olifant	Non – Executive Director (appointed Chairperson in the 4th quarter)
B Majola	Non- Executive
D James	Non-Executive Director
E Neluvhalani	Non – Executive Director (appointed in the 4th quarter)

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

- Social and economic development, including the organization'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 Shareholders at the AGM on matters within its mandate

SECTION 4: DIRECTORS AND PRESCRIBED OFFICER'S REMUNERATION

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

Board of Directors Remuneration for the 2015/16 Financial Year

Name	Designation	Remuneration 2015/16 year
Z Jacobs	Chairperson of the Board	R158 412
M Olifant	Non-Executive Director	R123 372
D James	Non-Executive Director	R54 265
E Neluvhalani	Non-Executive Director	R23 318
J Chauke	Non-Executive Director	R71 605
L Matlhape	Non-Executive Director	R147 014

N Twala	Non-Executive Director	R23 272
B Twala	Non-Executive Director	R17 466
B Majola	Non-Executive Director	R113 747
G Sengoara	Non-Executive Director	R98 739
T Sethaelo	Non-Executive Director	R131 001
D Thwala	Non-Executive Director	R92 408
N Tshabalala	Non-Executive Director	R10 019
Total		R1 064 638

Independent Audit Committee Members Remuneration for the 2015/2016 Financial Year

Name	Designation	Remuneration 2015/16 year
H Moolla	Independent Chairperson	R275 369
R Hill	Independent Member	R137 289
L Zabala	Independent Member	R5 875
M Mosweu	Independent Member	R 65 749
Total		R 484 282

Senior Management Remuneration for the 2015/16 Financial Year

Name	Designation	Remuneration 2015/16 year
M Nkopane	Acting Chief Executive Officer	R 1 163 492
R Gallocher	Former Chief Executive Officer	R 1 132 185
S Marota	Chief Financial Officer	R 1 140 882
C Holmes	Acting EM : Housing	R 1 120 333
P Maseko	SM : Business Planning and Risk	R 77 222

Name	Designation	Remuneration 2015/16 year
P Ngwasheng	SM : Corporate Support	R 925 550
G Randal	Former SM : Business Planning and Risk	R 530 385
C Nkosi	Former Company Secretary	R 674 203
Total		R 6 764 252

SECTION 5: COMPANY SECRETARIAL FUNCTION

The Company Secretary has a key role to play in ensuring that board procedures are both followed and regularly reviewed. The Chairperson and the Board will look to the Company Secretary for guidance on what their responsibilities are under the rules and regulations to which they are subject and on how these responsibilities should be discharged.

All Directors should have access to the advice and services of the Company Secretary and should recognise that the Chairperson is entitled to strong support from the Company Secretary in ensuring the effective functioning of the Board.

SECTION 6: RISK MANAGEMENT AND INTERNAL CONTROLS

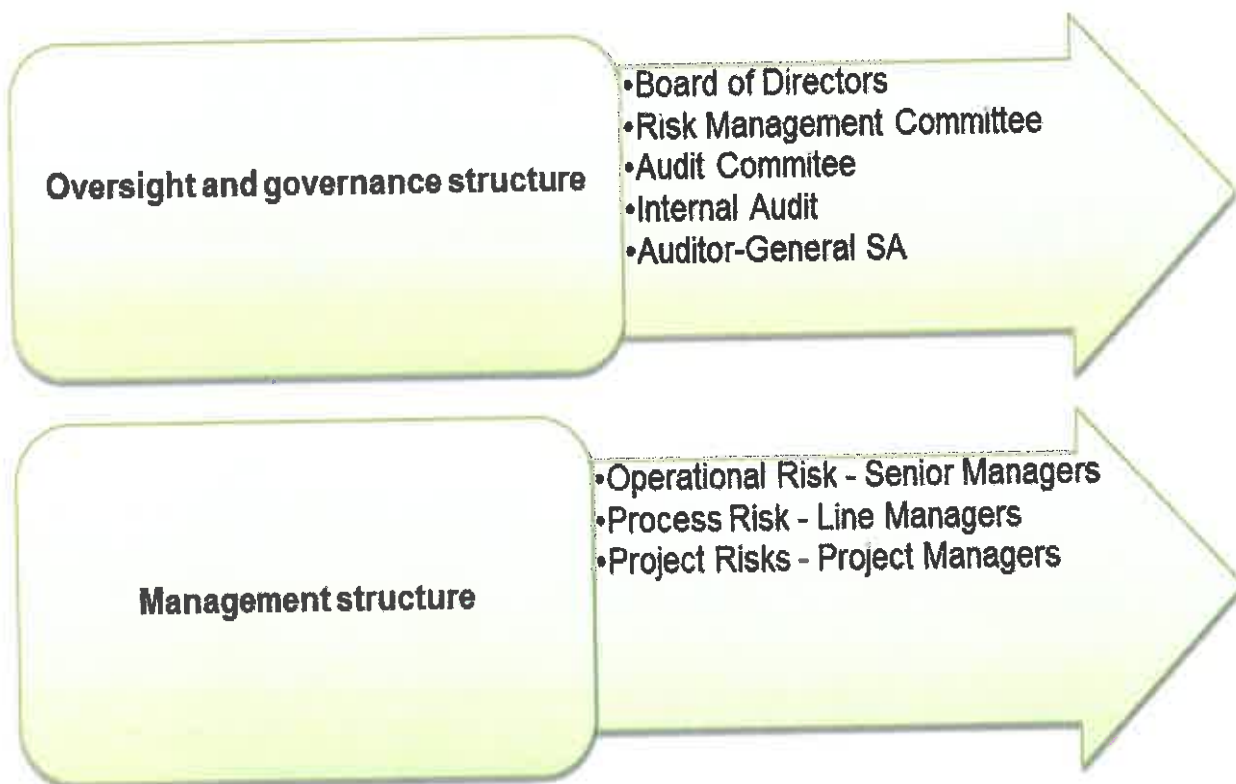
Risk is about the effect of uncertainty on objectives and, therefore a clearly defined, time-based objective is crucial to successful risk management. An enterprise risk focus is not intended to identify every risk facing an organisation but, to identify those that are most significant to its ability to achieve and realise its core business strategy and objectives supporting value creation. The JOSHCO Board understands that, risk and the internal control environment is an inseparable process in driving the organisation to the achievement of its objectives and has implemented a robust risk management system to respond appropriately to significant risk.

The Risk Committee as the risk oversight Committee considers the assessment of the strategic risk together with the controls on a quarterly basis. The risk control-self assessment was conducted in the quarter to determine the status quo of action to improve the residual risk and, a number of reviewed actions have been implemented.

Exco is ultimately responsible for management of the organisation's risk. The process management through ensuring that, risk(s) actions implemented timeously in managing risk against objectives. It is supported and guided by Senior Manager: Business Planning and Risk and, the Risk Committee whose Chairperson is independent and, a member of the Audit Committee. Operational risks are considered at Exco meetings and, the Risk Management Committee.

JOSHCO's Risk Management Framework

The diagram below summarises JOSHCO's Risk Management Framework-



Strategic Risk Register status

The table below lists the risks as reflected in the strategic risk register and, the extent to which the implementation of mitigation controls of risks has been achieved.

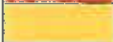
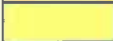
Risk Description	Mitigating controls identified to address the risks	Status
1. Organisational Structure not aligned to strategic business plan	• Revised organisational structure approved by the Board. • Review job and competency profiles. • Implement the recommendation made by the service provider. • Conduct skills audit (match and place the right people in the right jobs with the	• The revised structure was presented to the Board in April 2016 and, was not approved pending further enhancement. Management reviewed the organisational structure to align to the strategy.

Risk Description	Mitigating controls identified to address the risks	Status
	skills and competencies).	
2. Supply Chain Management inadequacies	Training of all internal SCM stakeholders; • Development of a contract management tool.	• The training of SCM staff members took place on the 13 April 2016 and the training covered the SCM process and Bid Committees. • Upgrading of Pastel system is in progress and, it is envisaged that, the process will be finalised in July 2016.
3. Non-Compliance to Occupational Health and Safety standards for JOSHCO buildings.	• OHASA Committee to assess the safety of staff and tenants in all JOSHCO offices and projects. • OHASA Committee to be trained.	• The OHS Committee members attended the health and safety training in May 2016. • The assessment of the safety of staff and tenants has not taken effect. The service provider will be appointed on 4 July 2016 to assess the health and safety status quo at Head office as a starting point.
4. Development projects not completed on time or to required standards due to internal and external dependencies.	• Develop a suitable agreement (SLAs) to ensure adequate performance from service providers possibly linked to results before payment. • Project level risk registers developed during the 3rd quarter of 2015/16 for monthly monitoring.	• SLA'S are in place for each contractor. All contractors have developed construction programmes and professionals provide monthly progress reports. • Project risk registers are currently being developed by a service provider (PWC) appointed by the City to assist the City and MOE's in business process. To date, Dobsonville, Devland and Jabulani were visited by the service provider to identify risks at these projects. JOSHCO is currently awaiting for the service provider to present a report on the aforesaid projects.
5. Miscommunicating information to staff	• CI manual will be developed to standardise	• JOSHCO CI manual has been developed and

Risk Description	Mitigating controls identified to address the risks	Status
and stakeholders	all communication to internal and external stakeholders. • Appointment of at least two designated people to conduct media interviews. • Media training for JOSHCO management and Board. • Appointment of Information Officer to serve as a central point of communication i.e. website updated with correct information between departments and management of social media platforms.	approved. • Marketing and Communications Manager has been appointed as JOSHCO's Information Officer to centralise all internal and external communications. • Appointment of at least two designated people to conduct media interviews has not been done pending the finalisation of the media training. • Media training for JOSHCO management and the Board is planned to take place before the end of the first quarter of the 2016/17 financial year.
6. Non-compliance with IT Governance framework. Inadequate or unreliable IT systems and business continuity solutions.	• Assessing IT systems to consider upgrading and improving current IT systems. • Present the IT corporate Governance Framework for Board approval.	• The tender process for the appointment of a service provider has been completed and, the service provider has been appointed. • The Corporate Governance Framework has been reviewed, however it will be submitted to the appointed service provider for input and to ensure that the framework does cover all governance aspects of ICT and will then be submitted to Board for approval.
7. Poor quality product delivered due to inadequate skills and contract management.	• Develop a business case covering resources, succession planning as well as performance for Exco and Board's consideration	• The business case process will be undertaken in July 2016.

Risk Description	Mitigating controls identified to address the risks	Status
8. Targeted collection may not be achieved.	- Engage housing department for possible settlement of the RDP tenants' debt. - Invoice the housing department for the deposits of MBV tenants. - Move paying tenants from the MBV project to other projects	- R3.1 million of debt in relation to Kliptown Square for the tenants that were put into the project with a view to move them to RDP housing has been written off. - Housing Department was invoiced on the 23rd of June 2016 and JOSHCO is currently waiting for payment. - Alternative accommodation is currently being sought to move the non-paying tenants from the MBV project. Wembley has been identified as a temporary relocation Area. It is envisaged that, the relocation process will be completed in December 2016 as a result of the legal process that will have to be undertaken by JOSHCO.
9. Inadequate funding to fund deliverables with budget.	Conduct formal budget workshops	Budget workshop will be conducted in the budget cycle from October to February 2017.

Legend

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

Based on the above, the total percentage of actions implemented to mitigate the risks in the 2015 – 16 financial year is 30% against the target of 80%. The actions to improve that are currently in progress will be followed up in the new financial year through a risk control-self assessment.

SECTION 7: INTERNAL AUDIT FUNCTION

The entity's internal audit function is fully outsourced to Business Innovative Group (Pty) Ltd. The service provider has sufficient capacity to perform its functions and reports to the Chief Executive Officer administratively and functionally to the Audit Committee.

The table below indicates the planned audits that were completed in the year under review:-

AUDIT	COMMENT
1. Predetermined objectives	Completed
2. Follow-up Review on 2014/15 and 2015/16 findings	Completed
3. Internal financial controls	Completed
4. Housing Management	Completed
5. Revenue Management	Completed
6. Housing Development	Completed
7. Information Communication Technology	Completed
8. Supply Chain Management	Completed
9. Human Capital	Completed

SECTION 8: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

The Company, through its Social and Ethics 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, being a sub-committee of the audit committee, to declare an 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 9: SUSTAINABILITY REPORT

9.1 Sustainability commitments

JOSHCO is committed to acquiring its financial independence in the future and be in a position to sustain itself as a business and not depend on subsidies. JOSHCO's portfolio is growing on a year to year basis and adequate resources are put in place in ensuring that the projects are being run effectively to ensure that revenue is collected to the maximum.

9.2 Economic impacts

JOSHCO continues to empower small businesses/co-ops through the Jozi@Work programme. The co-ops in turn employ the unemployed community members in the areas that they service, as part of the job creation programme. The entity also creates construction jobs through the EPWP programme.

9.3 Transformation and empowering employees

JOSHCO has an approved bursary policy to further educate staff members at accredited educational institutions. JOSHCO also approves an annual training plan at the beginning of each financial year, thereby providing its employees with additional skills, where staff is taken through various programmes to be trained on particular aspects relating to their job functions.

9.4. Information technology (IT) governance

Information Technology has a significant impact on corporate governance and the business processes of an organisation. King III entrusts the Board of Directors and Executive Management with the responsibility to maintain effective systems of internal control and to ensure that controls and processes are evaluated and tested. The Board and Management are also responsible for the overall risk management process and ensuring that IT governance is based on sound King III principles. These matters are deliberated at Board, Audit Committee, and Executive Committee meetings. JOSHCO has developed an IT Strategy which incorporates all King III Corporate Governance requirements. The Strategy explains in detail what systems are currently in place and which systems are planned for future development. Over and above the aforesaid, a tender process has been completed for the acquisition of a service provider that, will analyse JOSHCO business system and develop a strategy to enhance on the existing strategy and, the Information Communication Technology environment for improved business efficiency.

SECTION 10: ANTI-CORRUPTION AND FRAUD

JOSHCO has adopted a zero tolerance approach towards fraud and corruption. The incidents of the submission of fraudulent documents when community members apply for accommodation has grown substantially. JOSHCO works hand in hand with the SAPS to apprehend the culprits and allows the law to take its cause.

Community members and employees are encouraged to report such incidents through the below fraud hotline (whistle blowers). The number for the fraud hotline is **0800 002 587**.

The identity of the person reporting the incident will not be revealed unless the person chooses not to remain anonymous. All cases that were reported in this financial year were investigated by the appointed external investigator. The disciplinary enquiry has been convened to consider the charges, and criminal cases have been opened. There are currently two fraud and corruption risk that management has identified namely:

Risk description	Current controls
• Fraud and corruption in the letting of JOSHCO properties.	• Stringent vetting process of applicants. • Strong messages are displayed in the JOSHCO Head Office and site offices on the consequences for participating in fraud and corruption activities. • Application forms for Units are pre-numbered and can only be completed at Head Office.

• Payroll fraud	• Overtime is authorised before the employees start working overtime. • A manual system has been introduced to control leave balances. • Payroll audits are being performed regularly and reconciliations are done before capture of information.
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SECTION 11: ICT GOVERNANCE

IT SYSTEMS

Network Systems

MDA Property Manager Software used for leases, generation of revenue statements and log and track job cards on maintenance. Pastel Evolution being used as the financial accounting system and financial reporting tool. Caseware is a specialised financial reporting tool which is used to generated unaudited financial statements. As at the date of this report, JOSHCO was in the process of upgrading its current Pastel software to ensure that, financial information will be available at the time of the compilation of annual financial statements. Once the upgrading process has been completed early July 2016, Pastel users will be trained. M-Files is used as the electronic document management system, which converts all JOSHCO business documents (leases, contracts, etc.) into electronic documents, which allow for better archiving, records management and, access to information.

Information Technology Corporate Governance

As part of the Governance requirements, the following ICT documents have been reviewed

- ICT Steering Committee Charter;
- The ICT Patch Management policy, is the new policy that was compiled in the quarter under review, and
- Corporate Governance of ICT policy

IT Staff and Service Provider

System Services Group (SSG), is JOSHCO's IT service provider and, has played a key role in assisting the IT Manager with some of the operational tasks, as well as the improvement of JOSHCO's server and network environment with the implementation of some crucial projects. SSG forms part of JOSHCO's Technical Steering Committee, to assist with in the oversight of JOSHCO ICT Management, as well as assist with strategic and operational guidance to JOSHCO's ICT environment. The 3-year contract will be ending in September 2016. A tender process is being initiated to appoint a new IT service provider and the processes is envisaged to be completed by End August 2016 to ensure a proper handover in the month of September.

IT Department Staff

Due to the increase in organisation staff as well as the increasingly large strategic impact that ICT has on JOSHCO as a whole, it has been recommended that an additional IT Technician be added onto the organisational organogram for 2016/17 financial year. As an interim measure, a temporary IT Technician was sourced to boost the existing capacity in running the day-to-day operational ICT tasks. 2 interns have also been appointed and are being trained to assist the IT department with its daily operational activities.

IT Steering Committee

The Information Communication Steering Committee Charter (ICT Charter) was developed and submitted to Exco for input prior to submission to the Audit Committee for approval. The Charter depicts the roles and responsibilities of the Committee and is chaired by the Chief Financial Officer (CFO) and also (includes) an independent member of the Risk Committee (Chairperson) and Audit Committee. The Committee undertakes an oversight role of the activities of the ICT department such as reviewing the progress of the implementation of the ICT action plan, the impact of internal and external audit findings, IT risk management process, and assessment of ICT service providers. In the quarter, the Committee has met four (4) times. The Committee includes two (2) working groups: a Project Governance Working Group, which has oversight on IT related business projects, as well as an Operational Working Group, which has oversight on operational IT matters such as the assessing the performance of service providers. The Committee Chairperson reports on the performance of the Committee to the JOSHCO Executive Committee.

Hardware

Site Office Infrastructure

Dedicated workstations have been installed at JOSHCO site offices to provide connectivity to credit controllers who are required to connect to MDA and emails in order to assist tenants on site. An assessment has been completed to ascertain viability of current hardware resources available at site offices. Some of the matters being addressed are as follows:

- Laptops are issued to sites where more than 1 credit controller is stationed;
- Printers have been replaced with new ones, due to old machines proving to be too problematic and costly to maintain;
- Due to the requirement to connect to critical IT systems from site offices, there was a high demand for reliable connectivity at site offices. All sites have been connected via ADSL or 3G. Availability of ADSL lines at offices utilising 3G is currently being investigated, as well as the feasibility of utilising Line-Of-Sight Wireless network connections

Disaster Recovery Solution

A failover server and all required network components have been installed at one of JOSHCO's site offices to allow for a fully functioning Disaster Recovery centre. This centre provides a completely functional network environment in the event that normal operations are interrupted due to unforeseen events at Head Office.

Software

Antivirus and Encryption Solution

SOPHOS Endpoint Protection has been renewed and is currently used to protect JOSHCO systems from viruses. SOPHOS Safeguard Encryption has been installed to provide encryption and security to mobile computers and phones, to protect data on the devices in the event that they are stolen or lost.

SQL Server

Microsoft SQL Server 2014 has been installed to replace the current SQL Express servers being used for database functionality to JOSHCO's network application systems. All required systems have been successfully migrated.

Information Technology Performance

Enhancing access and connectivity to central IT systems from remote locations – All site offices have been equipped with required computer equipment. The Telkom 3G devices have been procured and installed at the required sites. Vodacom 3G and ADSL have been installed at available sites, and we are implementing ADSL as the infrastructure becomes available. A dedicated Fibre-Optic internet connection has been installed at Head Office. This offers improved efficiency and reliability of connectivity to central IT systems.

Implement ICT Action Plan

The ICT Action Plan for 2015/2016 financial year consists of the following 5 Goals:

1. Goal 1: Compliance with ICT Best Practice, Governance Frameworks and Legislation

This goal is broken down into 3 separate actions, each containing multiple activities to complete the actions, as follows:

- Complete assessments on Governance Controls implemented; and
- Identify shortcomings and required controls to be implemented to reach identified maturity level

Activities have been completed, assessed and review of implemented governance controls, to ensure compliance to the requirements set out in the DPSA Governance Framework.

1.1 Develop required controls to reach maturity level

Completed activities:

- Information Security Strategy has been developed
- Information Security requirements have been integrated into JOSHCO's IT Policy
- A Corporate Governance of ICT Framework Policy has been developed in line with CoJ's CGICT Policy and presented to EXCO for input and recommendation to Board of Directors for approval. However, the policies and the framework will be referred to the acquired service provider for input prior to submission to the Board.

The following targets were not achieved

Outstanding activities:

- Development of ICT Strategy, this due to awaiting the signing of the contract between JOSHCO and, the service provider which is envisaged to commence early July 2016.
- Development of First Iteration of the Enterprise Architecture
- (These activities will be completed by a service provider. The tender procedure has been completed, and a successful bid has been presented to the Bid Adjudication Committee for review and recommendation to CEO for approval)
- Develop Information Security Plan
- (This activity is completed in-house, and the IS Plan will be presented to EXCO in July 2016)

1.2 On an on-going basis, review JOSHCO's governance framework and assess requirements for further enhancements.

A review has been done on JOSHCO's ICT Governance Framework in line with COBIT 5 requirements. Processes have been identified that will add to the Value Chain of ICT Management and an implementation plan has been developed to address the gaps in our current Governance Framework

2. Goal 2: Enhancing and securing access to central IT Systems and information

This goal is broken down into 3 separate actions, each containing multiple activities to complete the actions, as follows:

2.1 Ensure connectivity to all critical IT systems

Completed activities:

- Installation of managed Fibre Optic internet connection at Head Office to ensure reliable and effective internet connectivity to central hosted IT systems.
- Identification of systems to be migrated to Cloud Hosting to enhance access and availability of these systems, as well as reduce maintenance of required infrastructure to provide these systems.
- Perform feasibility study to determine requirements for migration to cloud hosted systems
- No cloud-based systems were identified to be implemented in the current financial year. MDA Property Systems is developing a cloud-based solution for their software, and this will be further investigated in the next financial year.

2.2 Enhance information security for end-user computing so that both in-office and out-of-office working is consistent and secure

Completed Activities:

- Distribution of circulars to staff to raise awareness of information security risks
(This is an on-going activity)

Outstanding activities:

- Perform departmental training to ensure awareness of, and practicing correct procedures to ensure the security of IT systems and information (Training sessions are to be scheduled from July 2016)

2.3 Perform audit on JOSHCO IT systems to identify and address vulnerabilities

Completed activities:

- Vulnerability scan has been completed and corrective measures implemented

Outstanding activities:

- A service provider has been procured to commence with the development of an ICT strategy and it is envisaged that, the process will be completed in October 2016.

3. Goal 3: Enhancing ICT Disaster Recovery and ensuring reliable ICT Business Continuity

This goal is broken down into 2 separate actions, each containing multiple activities to complete the actions, as follows:

3.1 Identify and effectively equip Disaster Recovery and Business Continuity Site

Completed Activities:

- One of our site offices has been identified as a viable site for our disaster recovery site, and has been completely equipped with all required systems to be used as an effective business continuity site.
- A visit to the site by Exco members was undertaken on the 29th June 2016, to give assurance to members that, the process of data and/ or information recovery is adequate and effective.

- 3.2 On an on-going basis, review the ICT Disaster Recovery and Business Continuity Plan and address requirements for further enhancements.

Completed Activities:

- Ensure regular tests are performed - (This is an on-going activity)
- Review existing ICT DRP and ensure all requirements are met
- Align ICT DRP and BCP to JOSHCO Company BCP.
- Acquire service provider to perform audit on effectiveness and completeness of Disaster Recovery Site. – GRAS department of COJ performed this inspection.

4. Goal 4: Deliver effective and reliable support to JOSHCO systems

This goal is broken down into 3 separate actions, each containing multiple activities to complete the actions, as follows:

- 4.1 Implement and maintain performance Management to ensure effective management of ICT Service providers

Completed activities:

- Ensure IT Service provider is managed through ICT Steering Committee
- Create SLA systems that allow for the effective monitoring and management of the ICT Service Providers (IT, Telecommunications and Network Printers)

- 4.2 Assess JOSHCO's IT environment to ascertain areas for improvement in service delivery and where IT can help departments deliver more value

Completed Activities:

- Meetings held with all departments to identify problem areas, and the resolutions to the identified problem areas have been noted and tracked
- Assist departments in the specifications and technical execution of the identified systems – The IT department have been assisting with the following identified system improvement projects:
 - SCM – Automated Procurement Workflow / Sage Evolution system upgrade;
 - Leasing – Automated application process;

- Maintenance – Improved Electronic Workflow Process;
- Company Wide – Electronic Document Management System – Service Provider (Deltalink) is currently working on the system to implement.

4.3 Identify and deliver staff training to ensure effective use and understanding of JOSHCO IT systems

Completed activities:

- Identify areas where staff members require training to gain understanding on processes or systems, or where required skills would improve staff members' ability to perform their daily tasks
- MDA Training to all relevant staff has been completed

Outstanding activities:

- Schedule and facilitate training sessions for all staff members to address the identified requirements. Awaiting completion of M-Files document management systems to schedule training for staff on the systems

5. Goal 5: Manage IT Risks and Audit findings

This goal is broken down into 2 separate actions, each containing multiple activities to complete the actions, as follows:

5.1 Update JOSHCO IT Risk Register and implement actions to mitigate the identified risks.

Completed Activities:

- Individual meetings with Heads of Departments to identify any IT risks the departments are facing or could face.
- Develop and implement controls to address all identified risks – This is an ongoing activity, with 90% of mitigating controls currently implemented.

5.2 Remediate Internal Audit and Auditor General IT Audit Findings

Completed Activities:

- Audit Tracking tool has been developed and maintained
- No Auditor-General findings were raised

Outstanding activities:

- 19 Audit findings raised by Internal Audit needs to be resolved,

5.3 Implement Safety and Security Plan

The following controls are to be implemented to improve safety and security at JOSHCO Head Office:

- Metal detector at entrance to reception
- Intercom system to receptionist
- Automatic closing doors
- Biometric access to back-office area, and on the 1st and 3rd floor
- Gun safe
- Security guards assigned on 1st and 3rd floor

These controls are still to be implemented

- New alarm system with armed response
- 88% of the required controls have been implemented.

5.4 Implement programme plan to ensure compliance with IT best practice, governance framework and legislation.

The programme plan for the implementation of the CGICT requirements, consists of 2 components, as follows:

i. Governance Framework Controls

The DPSA Governance Framework requires 23 controls to be implemented, in order to comply with the framework. 20 of these controls have been implemented in JOSHCO's ICT Environment. The following controls are outstanding:

- First Iteration of the Enterprise Architecture (June 2016)
- Information Security Plan (June 2016)
- ICT Strategy (June 2016)
- 87% of the required controls have been implemented

ii. The Corporate Governance of ICT Charter

In order to give effect to the Corporate Governance of ICT in Municipalities, a Corporate Governance of ICT Charter should be developed in line with the CoJ CGICT Policy. The following requirements have been adhered to at JOSHCO:

- Identify and establish a Corporate Governance of ICT Policy and implementation guideline
- CGICT embedded into organisational Scorecard.
- Strategic ICT Goals are linked to JOSHCO Business Plan, which is linked to COJ IDP
- ICT Steering Committee and EXCO serves as oversight Committee on ICT performance and conformance. ICT conformance is also monitored by annual audits (internal and AG)
- Implement the corporate governance of ICT in JOSHCO, based on an approved implementation plan

- Provide relevant ICT resources, organisational structure, capacity and capability to enable ICT service delivery – Additional staff compliment to the IT department has been included in the Business Plan for 2016/17, and 2 temporary staff members are to be assigned to the IT department.
- The CGICT policy has been developed, presented to the ICT Steering Committee for input, and presented to EXCO for input and management has resolved that, the acquired service provider must provide input prior to approval by the Board.

86% of the requirements have been adhered to as per the approved guidelines; and **87%** of the approved programme plan has been implemented.

SECTION 12: SUPPLY CHAIN MANAGEMENT AND BLACK ECONOMIC EMPOWERMENT

Deviations on SCM

Supplier	Description	Amount
Lumacon Air Conditioning	Repair of heat-pumps in Fleurhof Housing Estate	56 948
Mthimkhulu Stone Works	Extension of Contract Period: Driver-Courier Services	101 837
Jolobe Trading	Extension of CSA contracts for Jozi@Work	406 080
Gochi Trading	Extension of CSA contracts for Jozi@Work	413 280
VZ Contractor	Extension of CSA contracts for Jozi@Work	533 040
Exclusive People	Extension of the Leasing Manager's contract	45 996
The Leadership magazine	Publication about JOSHCO.	44 460
OTIS Elevators	Maintenance of lifts at the Chelsea project.	129 175
Delta-Link (Mfiles)	Migrating files/data between servers	16 436
Grand Total		1 747 252

Achievement on BBBEE

Procurement of goods and services are made after considering the principles of the Municipal Finance Management Act (MFMA) i.e. procurement must be fair, transparent, cost effective, economically and competitive. In addition to these fundamental procurement principles, consideration is given to Broad Based Black Economic Empowerment (BBBEE). JOSHCO's contribution to BBBEE for the period ended June 2016 is as follows:

Expenditure type	Amount
CAPEX	
Actual Expenditure on CAPEX	260 865 632
Actual Expenditure on SMME/BEE	241 726 483
% Expenditure on SMME/BEE	93%
OPEX	
Actual Expenditure on OPEX	33 524 000
Actual Expenditure on SMME/BEE	32 183 040
% Expenditure on SMME/BEE	96%
Total Expenditure	
Actual Expenditure on CAPEX and OPEX	294 389 632
Actual Expenditure on SMME/BEE	273 909 523
% Expenditure on SMME/BEE	93%

The two areas of procurement in JOSHCO's functional mandate relates to capital expenditure (CAPEX) on the development of housing units and operational expenditure (OPEX) on the maintenance of housing units and other administrative functions. For these areas i.e. CAPEX and OPEX, JOSHCO has achieved 93% and 96% respectively. The total cumulative for these functional areas is therefore 93%.

Non-compliance with SCM Regulations

7 instances of non-compliance with SCM Regulation 44 were identified where JOSHCO made awards to companies whose directors were in the service of the state. JOSHCO's bid documents compels all bidders to make declarations in this regard and for this 7

companies, they made false declarations. These companies would be removed from the JOSHCO supplier database henceforth.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

SECTION 1: CORE BUSINESS

The Johannesburg Social Housing Company (JOSHCO) is a thriving social housing provider, servicing a constantly growing market where the demand for quality and affordable housing exceeds the supply. Johannesburg attracts a huge influx of people in search of better opportunities from all parts of the continent. Due to the increasing demand for employment, housing, food and other basic needs, the City of Johannesburg created JOSHCO, as one of its preferred implementing agents for social and institutional housing developments and management of rental accommodation for qualifying beneficiary households within the Johannesburg metropolis.

SECTION 2: JOSHCO'S MANDATE

JOSHCO was created by the City of Johannesburg with four (4) specific mandates to facilitate the transformation of Johannesburg into a world-class city.

These directives include:

- Managing the city's housing stock;
- Converting and managing single sex hostels;
- Rehabilitating and managing certain inner city buildings; and
- Developing and managing new social housing projects.

SECTION 3: SERVICE DELIVERY HIGHLIGHTS AND ACHIEVEMENTS

3.1 Capex:

- JOSHCO was allocated a budget of R 493 403 000; 100% of the capex budget against a target of 95%.
- 48% of the budget was spent on construction, 41% in the Inner City which includes the purchasing of buildings, 7% on the upgrading of existing projects and 4% on planning.

3.2 Number of Units Developed:

- The target for the financial year was 800 housing units, 818 Units were delivered at the end of June 2016.
- The underperformance on the targets for Devland and Dobsonville, were achieved by the additional units that were delivered in Kliptown Golf Course Phase 5 (126 units), Selby (19 communal rooms) and 80 Plein Street (6 units), this resulted in an overachievement of 18 units against the target of 800.

3.3 Corridors of Freedom:

JOSHCO has prioritised social housing projects in the various corridors, these projects are either under construction or in the planning phase:-

Construction:

- Soweto to CBD along Empire and Perth: (Projects under construction will yield 1836 units by 2018/19). In 2015/16, 743 units have been realised.
- CBD to Alex along Louis Botha: (Projects under construction will yield 464 units by 2018/19). In 2015/16, 75 units have been realised.
- Turffontein Node: (Projects under construction will yield 528 units in 2018/19), due to construction which commenced in the 4th quarter of 2015/2016.

Planning:

- Soweto to CBD along Empire and Perth : 1968 units
- CBD to Alex along Louis Botha : 1317 units
- Alexandra- Marlboro to Sandton: 1452 units
- Turffontein Node : 300 units
- Mining Belt: 396 units.

3.4 Inner City Buildings:

JOSHCO is as key role player in contributing towards the transformation of the Inner City by providing affordable rental housing and transitional accommodation.

- JOSHCO purchased 5 Inner City Buildings in 2015/2016 that will yield an estimate of 812 units.
- Four of the six buildings purchased in the previous financial year will be ready to go out on tender in the 1st quarter of 2016/2017, the remaining two (2) buildings will be ready to go out on tender in 2017/2018.
- Construction commenced in three inner city buildings in 2015/2016: Nederberg, Hoek Street and 80 Plein Street.

3.5 Maintenance:

During the 2015/2016 financial year, a great deal of emphasis was placed on the upgrade and maintenance of JOSHCO buildings and infrastructure. Increased budget allocation to repairs and planned maintenance programmes has enabled JOSHCO to make remarkable improvements to deteriorating projects. Tenants have been thrilled and immensely satisfied with the enhancements.

Due to the risk of safety and security in projects, JOSHCO has increased expenditure to improve access and security measures, this includes the installation of biometrics access systems, fitment of razor wire around project perimeters. JOSHCO appointed a service provider to do a thorough assessment and make recommendations on specifications for each project.

3.5.1 Upgrades

The programme is implemented based on the condition assessments undertaken in all JOSHCO's existing projects that are under management. The programme is funded through capex and this allows JOSHCO to ensure that the value of the properties are maintained. The programme contributes to the tenant satisfaction levels. R 33 million was spent in Roodepoort, City Deep, Antea, Chelsea, Pennyville and Botlhabela (Alex).

3.5.2 Planned Maintenance

The planned maintenance programme was fully implemented at a cost of R 7 931 384.20. The planned maintenance programme was developed based on the results from the condition assessments.

3.5.3 Maintenance Complaints Resolved

- A total of 6336 jobs were logged between July 2015 and June 2016 and 99% of the maintenance complaints logged as at 30 June 2016 were resolved.
- The key performance indicator of 95% relating to the number of maintenance cases closed within turnaround was reached with 95.6% being attained.
- The refinements to the maintenance processes, continual communication with contractors monitoring of performance and commitment to service delivery has assisted in the performance levels being sustained.

3.6 Service Delivery Benchmarks in the Management of Properties:

- At the end of the 2014/2015 financial year, JOSHCO undertook a customer satisfaction survey and the results of the survey as well as problem areas identified by tenants were used to develop an action plan for 2015/2016.
- Various tools were used to assess each project with regards to customer satisfaction, alignment to Best Practice Property Management Standards, and evaluation criteria were developed and applied to reach a baseline rating on each project.
- The rating criteria specifically related:-
 - to service delivery standards,
 - management of service providers,
 - resolving of tenant problems,
 - condition of buildings,
 - professionalism of JOSHCO teams who service the tenants,
 - tenant engagement, as well as
 - the level of tenant satisfaction in each project.
- Action plans are implemented and continuously monitored to ensure that the areas of concern in the projects are addressed to improve project ratings and that the customer satisfaction ratings are improved. The customer satisfaction ratings improved from 72% in the previous financial

year to **83.7%** in 2015/2016. The improvement is 11.7% against the target of 72% in 2015/2016.

3.7 Jozi@Work:

- The number of jobs achieved were 909 against a target of 895 jobs, target was exceeded by 14 jobs,
- 142 Co-ops benefitted and the value of the benefit to co-ops was R 22, 261,687.83.
- 100% of JOSHCO's cleaning and gardening budget valued at R 6,773,600 was allocated to Jozi@Work, all services were rendered by 62 co-ops and 294 jobs were created.
- Repairs and Maintenance work packages valued at R 2,279,757.14 were issued to 20 co-ops and 132 jobs were created.
- Capex Work Packages were issued to 60 co-ops for painting and building work valued at R 13,208,330.69 and 483 jobs were created.

3.8 Stakeholder Engagement:

- JOSHCO's stakeholder engagement programme includes greater participation of tenants in providing input on the type of programmes that will be implemented during the financial year.
- This objective of the programme ensures that tenants also actively participate in community development, resource sustainability programmes as well as service delivery matters. As per the 4th quarter report, all activities were implemented.
- Stakeholder and community members have continued to be engaged in JOSHCO's construction projects. JOSHCO implements a comprehensive "Participatory Site Model", that includes:-
- Meetings with the communities as well as focus groups to get input on design.
- Community assessments and the reports provide JOSHCO with valuable information on demographics, social problems and the economic status of the community.
- Compile databases of the unemployment and sub-contractors from the community.
- Communicate with a broader spectrum of the community these include community based organisation, businesses, political parties and various interested stakeholders.

3.9 Service Delivery Challenges

Projects	Challenges	Action to be taken
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Projects	Challenges	Action to be taken
Golden Highway (Devland Project)	The Devland project must deliver 200 units in 2015/2016: Budget is R 65million. • 153 Units delivered against a target of 200, shortfall of 47 units • RBA (the contractor) placed under business rescue. • Lack of management capacity on site • Delays in commencing construction , awaiting Section 101 approval for Phase 2 of the project	A recovery plan has been put in place, includes: • JOSHCO appointed a conveyancer to begin the process of transferring Phase 2 land to the City • JOSHCO appointed a service provider to conduct a due diligence on RBA and Akula to assess the risks of completing the project due to the company being under business rescue. • In July 2016 a report will be submitted to JOSHCO to outline the risks and mitigation plans. • A report will be submitted to the Board in July 2016.
Lombardy Project	• Construction was delayed as JOSHCO is awaiting finalisation of EIA process to be completed to obtain rezoning and building plan approval.	• Consultants were appointed and work commenced in May 2016. Consultant has completed the:- • Ecological Assessment Report • Heritage Impact Assessment Report • Record of Decision from GIDARD is expected in November 2016. • The plan is to acquire building plan approval by March 2017.
Dobsonville	The Dobsonville project must deliver 298 units in 2015/2016 : Budget is R 79 187 788 • Delivered 212 units against a target of 298, shortfall of 86 units. • Contractor lacks site management capacity for the magnitude of the project. • The main challenge on this project is the slow pace of Contractor in finishing the works on site, including construction of the boundary wall. • Encroachment on site.	• The Professional team and JOSHCO are closely monitoring the Contractor's performance and their productivity. • A plan is in place to engage with the encroachers, MMC and the Ward Councillor are leading the engagement process.
Jozi@Work	• Challenges in negotiating Jozi@Work packages in construction projects, not included in tender documents. • Local communities do not understand the processes for Jozi@Work. • There is a demand that only co-ops who are based in a particular ward or project should be employed, led by	• All future tender documents will indicate which work on the Bill will be ring fenced for Jozi@Work. • Jozi@Work presentations will form part of stakeholder engagement programme • Liaise with Jozi@Work steering committee in finding solutions e.g.

Projects	Challenges	Action to be taken
	community leaders. • Lack of capacity in JOSHCO to implement the programme. • Lack of understanding of the programme by professional teams and staff.	a certain percentage should come from the ward and the rest from the region. • Appointment of Economic Development resource as per revised organisational structure. • Workshop all staff and professional teams in JOSHCO.
Kliptown Golf Course	The following are matters still outstanding in the Golf Course:- • Completion of defects in units already tenanted • Completion of town planning	• JOSHCO has appointed professionals to assess the defects and prepare a bill of quantity for all outstanding work and defects. • The professionals have completed the township establishment and will also complete all outstanding town planning work. R25 million was budgeted for in 2016/2017 to complete the project.
Diepkloof	• The project consists of 216 units: 60 units were handed over initially and an additional 16 units during the 3rd quarter to JOSHCO for allocation. • The handover of the remaining units have various challenges. Lack of security over the units has resulted in widespread vandalism of the units. City of Johannesburg unable to appoint contractors due to lapse in contracts and delays in a new appointments has resulted in the units standing.	• A proposal has been made with COJ Housing for JOSHCO to complete the balance of the units in 2016/2017. The costing of the remedial work will be completed and an SLA to be finalised with the COJ housing.

SECTION4: "GAME CHANGERS" PROGRAMMES

4.1 JOZI@WORK

Progress Report:

The report summarises the progress on Jozi@Work based on the targets provided to the City as at the end of June 2016 for both Housing Management and the Development Departments.

The targets are based on the number of jobs that JOSHCO committed to achieve in 2015/2016. JOSHCO committed to create 895 jobs through Jozi@Work. JOSHCO implements the programme in Regions B, C, D, E and F where JOSHCO's projects are located, JOSHCO therefore does not have any projects in Region A and G.

The table below provides progress against targets as at the end of June 2016

Region	Co-ops Target	Co-ops Actual	Jobs Target	Jobs Actual	Expenditure Target	Actual Benefit to Co-Ops
B	16	16	94	94	R 2,665,330.00	R 2,665,330.00
C	10	10	52	52	R 1,683,842.99	R 1,635,842.99
D	58	52	370	375	R 7,659,855.14	R 7,342,486.44
E	12	12	80	82	R 2,791,000.00	R 2,791,000.00
F	52	52	299	306	R 7,779,028.40	R 5,119,993.00
F	Payment to co-ops that commenced in June 2016 will be realised between July 2017 to September 2017					R 2,659,035.40
Total	148	142	895	909	R22,579,056.53	R 22,261,687.83

- The number of jobs achieved were 909 and the benefit to co-ops was R 22, 261,687.83.
- The shortfall on the number of co-ops and expenditure targets is due to one work package that was not implemented in the Dobsonville project.
- The work package had been evaluated and it is anticipated that implementation will commence in 2016/2017.
- 100% of JOSHCO's cleaning and gardening budget valued at R 6,773,600 was allocated to Jozi@Work, all services are rendered by 62 co-ops, all these work packages have been issued and the co-ops have been appointed, creating 294 jobs.
- Repairs and Maintenance work packages valued at R 2,279,757.14 have been issued to 20 co-ops creating 132 jobs
- Capex Work Packages were issued to 60 co-ops for painting and building work valued at R 13,208,330.69 creating 483 jobs.



Co-ops Painting Kliptown Project



Jozi@ Work: Site Clearance in Turffontein

4.2 STAKEHOLDER MANAGEMENT

4.2.1 Participatory Site Model: Housing Development

Projects	Status	Critical community issues for engagement
Devland Social Housing Project	Social Facilitation activities carried out in the current quarter included: • The collation of SMME data and development of an SMME database; • Assisting the contractor with the recruitment and screening of local labour; • Establishment of the Devland Project Development Committee; • PSC meetings to discuss social housing generally, and the Devland Social Housing project in particular; • Engagement of the Development Committee and other community structures; • Community assessment report completed and a community engagement plan developed; • Facilitated and concluded the Strike Negotiations between RBA and sub- Contractors; (The dispute was around rates and contracts) • Commenced the SMME database development	• Monthly development committee meetings to appraise them on progress with the project and SMME training and empowerment; • Performance management of the CLO; • Implementation of the community engagement plan; • Community public meetings; • Facilitating an SMME Open Day; • Completion of the Skills Audit and Training Programme Proposal.
Dobsonville Social Housing Project	Engagement with encroaching families: • Engagement with affected residents encroaching on site and facilitation of reaching of agreements where there is willingness to demolish. SMME's: • Contractor oriented the SMMEs on the proposed contract terms. Training Implementation: • At the meeting held between JOSHCO, Ward Councillor, and Social Facilitator on 2 June 2016, the issue of training was discussed and the meeting agreed that the training implementation is on a critical path and a strategy for procurement of a training service	• Finalisation of engagements with the resident that have encroached with boundary-walls and structures in order to proceed with demolition and re-constructions. • Ward Public meetings to continue - public meeting schedule to be obtained from the Ward Councillor; • CLO Monthly Reports - monthly reports on EPWP activities • Bi-weekly monitoring meetings with the contractor. • SMME Development and Technical Skills Programme Training to commence as soon as a service provider is appointed

Projects	Status	Critical community issues for engagement
	provider must be put in place immediately as the contract is left with 6 months to complete.	
Hoek Street Project	Social Facilitation activities carried out in the current quarter include: • Appointment of a CLO • Screening and shortlisting of candidates for the CLO position was conducted by KPD with the assistance of the Ward Councillor's Office; • JOSHCO has approved a training and empowerment programme for the CLO; • Monthly meetings with the Councillor to discuss the dynamics of the ward as a whole including security measurers post Phase 1, prior to the commencement of Phase 2 of the project. • Key Issues Raised by the Community at meetings include: ○ JOSHCO representative to attend Public Meetings ○ Caretaker and cleaners for the building to be residents of Ward 60 ○ JOSHCO to ensure that the Local Labourers are from Ward 60 ○ JOSHCO to ensure that the contractor and sub-contractors do not exploit labourers and job seekers.	The Social Facilitator will embark on the following activities during the next reporting period: • Continue and complete the Community Assessment/Profiling Report for submission to JOSHCO; • Prepared an advert with criteria for the selection process for SMMEs and recruit SMMEs to the database; • Develop Terms of References for Project Steering Committee (PSC); • Training and continued Induction of the CLO; • Training and empowerment of SMMEs;
Randburg Project	Social Facilitation activities carried out in the current quarter include <i>Community Consultations:</i> • Follow-up consultations meetings were held with the stakeholders <i>Public Ward meetings:</i> • The Social Facilitator worked closely with the Ward Councillor and Ward Governance to co-ordinate the public meetings. In preparation for this public	Presentation of the pamphlet for the public meeting covering the following areas which will be announced at a stakeholder and planned public meeting: • Communication process with the community • Community Liaison Officer (CLO) recruitment • Local Empowerment Strategy and Programme presentation • Overview of Local Empowerment targets and local spending • Establishment of local data-base for

Projects	Status	Critical community issues for engagement
	meeting, the following activities took place: • A Ward administrator has been brought in to assist the Social Facilitator. <i>Recruitment programme for the Community Liaison Officer:</i> • CLO Recruitment plan developed and submitted to JOSHCO for comments and approval. • Terms of Reference for establishment of Project Steering Committee submitted to JOSHCO for comments and approvals. • Recruitment plan together with JOSHCO recruitment policy on CLO's recruitment was presented jointly by AHA and JOSHCO to the Ward Councillor on 3rd of February 2016. The Ward Councillor gave support and recommended that the implementation plan should be verified with the Ward Governance. The Recruitment plan was presented to the Ward Governance on 4th of February 2016. • A Ward 102 Stakeholder Consultation meeting took place for feedback on project designs and local empowerment programme to be implemented.	sub-contractors and labour • Project Steering Committee establishment • Stakeholder groups consultations • Finalisation and implementation of the communication plan based on JOSHCO input and approval; • Continued engagement with the community on the project milestones.
Nancefield Project	Social Facilitation activities carried out in the current financial year include: <i>Introduction of the Contractor to the Councillor.</i> • Meeting took place at the beginning of June 2016 to formally introduce the main Contractor. • The 16 families will be moved by mid-July 2016 as per MMC for Housing and Human Settlements request before the local government election and since the	• Re-location of encroaching families after approvals of the quotations. • Finalise appointment and employment contracting with CLO. • Follow-up and finalise with JOSHCO on re-location of residents from Region G. • Development of PSC elections strategy and criteria and PSC elections; • Development of a skills gap analysis report & recommendations for capacity building;

Projects	Status	Critical community issues for engagement
	Contractor has moved onto site. The main delay was so that, no further encroachments occurs while the contractor has not moved to site. <i>PSC Establishment:</i> • PSC established and holds regular meetings at the last Friday of every month. A contractor representative, JOSHCO Contracts Manager and Project Manager will be attending these meetings. <i>Community Liaison Officer's (CLO's) Appointment</i> • The CLO has been appointed, commenced work, introduced to the professional team of the project and the Councillor.	• Skills Development and SMMEs Empowerment; • SMME Open Day
Plein Street Project	Communication plan and implementation: • Meetings with Ward Cllr and the public • An update report on the Union Square project was submitted to Cllr on the number jobs created and the local empowerment strategy. • Advertisement for submission of CVs and Profiles to build database of labourers and SMMEs from Ward 59; • Training and empowerment for the community field workers; • Jozi@Work presentation to community	• Follow-up meeting with the local SMME's on outstanding SLA's and clarification of any required will be done before they reach their turn to enter the project. • Continued community engagement plan to be implemented during the new financial year. • Allocation of Jozi@Work programme work-package implementation to be continuously monitored. • Continued communication needs analysis and framework for engagement with the community to be implemented in the coming months.
Turffontein Project	Social Facilitation activities carried out in the current quarter include: • Meetings with the Steering Committee to discuss implementation of Jozi@Work. Identification of stakeholders: • The Stakeholders' Engagements process is an ongoing process;	• Allocation of Jozi@Work programme work-package implementation to be continuously monitored. • Continued communication needs analysis and framework for engagement with the community will be implemented. • Training of SMME's will commence in 2016/2017

Projects	Status	Critical community issues for engagement
	and overall the process has been successful in terms of introducing the JOSHCO project in Turffontein Community; • CLO Recruitment completed • Overall, there is community support for the project to proceed	
Nederburg Project	• Meetings were held with the Ward Cllr • Appointment of CLO • Finalised database for local labour	• Appointment of project steering committee will be finalised in the first quarter 2016/2017
Lombardy	• Project Steering Committee was appointed and received training • Project communication plan was developed. • SMME Open Day • SMME database was developed and training skills assessment was completed.	• Training of SMME's will commence in 2016/2017
Kliptown Golf Course	• Public meetings on completion of Phase 5 • Individual visits to tenants to conduct a tenant survey and produced a report on the results of the survey.	• Public Meetings to present the instalment sale project and management structures. • Verification of tenants in units to ensure that the person who signed the sale agreement is in the unit.

4.2.2 Stakeholder Engagement: Housing Management

JOSHCO's stakeholder engagement programme includes greater participation of tenants in providing input on the type of programmes that will be implemented during the financial year. This objective of the programme ensures that tenants also actively participate in community development, resource sustainability programmes as well as service delivery matters.

The stakeholder plan for the financial year includes:-

- Kick off meetings with tenants and local Councillors to provide them with progress reports and explanations on service delivery for 2015/2016 and to obtain their inputs
- A presentation to tenants and the general public on the Jozi@work packages.
- Building and best practice assessment tour which assessed the levels of service delivery problems that impacted on tenant satisfaction.
- Rating of projects and implementation of turn around plans with input from tenants.
- Personalised house visits to understand the perspective of individual tenants on service matters as well as to identify management gaps.
- Public meetings, committee meetings, where possible as well as informative newsletters and regulatory notices.

The table below is a summary of all activities undertaken in the projects.

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
AA House	Public Meetings	4		1	1	2	4
	Committee Meeting	N/A					
	Newsletter	2		1	2		3
	House visit	263		130	55	78	490
	Achievements: - First floor kitchen completed - Second floor canopy completed - Computer hub completed						
	Initiative - Beauty contest held - Netball team created						
Antea	Challenges: - IT connectivity on site prevents better communications						
	Public Meeting	2	1	1		1	3
	Committee Meetings	4	1	1	1	1	4
	House Visits & Audit	303		89	50	164	303
	Newsletter	1	-	-	-	1	2
	Achievements: - Identified illegals and reducing the number of non-billing units through regularising process - House visit completed - External painting of blocks completed under planned maintenance programme						
Bellavista Infill	Challenges: - No biometric system for improvement of security in the project. - Demand for ownership - Tenants dissatisfaction about the subsidy from MOEs						
	Public Meeting	1	1	-	-	1	2
	Committee Meetings	N/A	-	-	-	-	-
	House Visits & Audit	36		33		3	36
	Newsletter	1	-	1	-	-	1
	Achievements: - The appointment of cooperative both for cleaning and gardening - Installations of security cameras - The gate motor was upgraded - Pest control has been done in the project, both inside the units and outside common areas.						

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
Botlhabela	- Energy and water saving installations						
	Challenges: - Recreational equipment to be upgraded. - Movement of washing lines to creation additional parking. - Building of guard house next to the gate. - Issues with regard to pest in the project.						
	Public Meeting	2	1	0	1	1	3
	Committee Meetings	4	1	1	1	1	4
	House Visits & Audit	520		73	184	233	490
Casa Mia	Newsletter	1	-	-	-	1	1
	Achievements - Good relationship with tenants committee - Long standing issue about tenants not paying same rent has been resolved by applying same rental charge to all tenants. - Identified and reduced number of illegals in the project - Upgrade of common areas facilities and painting of external façade completed - Occupancy audit completed - Tenants and committee meetings completed						
	Challenges: - Subletting and illegals - Lack of biometric system on the project to identify illegals						
	Public Meeting	2	1	-	-	1	2
	Committee Meetings	3	2	-	-	1	3
Chelsea	House Visits & Audit	168	-	58	50	60	168
	Newsletter	1	-	-	2	-	2
	Achievements: - Water supply crisis diagnosed and rectified in minimal time - House rules better observed, children no longer making noise in passages						
	Challenges: Refurbishment of project delayed, wet services severely failing; leakages damping several parts of the building. - Resignation of staff member, new temporary member unfamiliar with problems						
	Public Meeting	2	1	1	1	1	4
Chelsea	Committee Meetings	3	-	3	-	-	3
	House Visits & Audit	80	-	22	40	18	80
	Newsletter	1	1	2	-	-	3

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
	Achievements: - Refurbishment program has commenced; tiling and painting nearly complete - Parking area is complete - Tenant relations have started to improve after the removal of Caretaker - All illegals were identified in a blitz and most of them have been regularised Challenges: - Contractor doing the refurbishing does not consult tenants and there is tension - Washing lines are still not installed - Electricity supply is frequently overloaded causing power outages or burns tenants appliances						
Citrine Court	Public Meeting	1				1	1
	Committee Meetings	-	-	-	-	-	-
	House Visits & Audit	79		40	20	19	79
	Newsletter	1		1			1
	Achievements: - The appointment of cooperatives both for cleaning and gardening - Installation of security cameras - All leaking waste pipes have been changed - The gate motor was upgraded - Pest control has been done in the project, both inside the units and outside common areas - Energy and water saving installations Challenges: - Balconies are very low and it is risky for the safety of the children's and tenants - Crime in surrounding areas						
City Deep New	Public Meetings	2		2	1		3
	Committee Meeting	-	-	-	-	-	-
	Newsletter	2		1		2	3
	House visit	328	-	-	-	-	-
	Achievement: - As a new project that is within the old City Deep JOSHCO has managed to keep the two projects as two independent projects - Rental collection rate have been kept consistently good - Residents concerned are dealt with timeously - The project's environment is well maintained - Jozi@Work cooperatives appointed to provide cleaning and gardening services						

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
	- Biometrics security system has been installed						
	Challenges: - House rules to be enforced						
City Deep Old	Public Meetings	4	-	4	3	1	8
	Committee Meeting	4	-	5	2	4	11
	Newsletter	2	-	3	1	-	4
	House visit	-	-	0	0	-	0
	Achievements: - Computer training hub completed and fully functional - Jozi @ Work cooperatives involved in upgrade programme - Biometric access control system installed - 13 Cooperatives employed and 114 jobs created via Jozi@work						
	Initiative - Clean up campaign - Establishment of community police forum (CPF)						
Diepkloof	Challenges: - House rules enforcement - Illegal taverns - High rate of youth unemployment - Crime in surrounding areas affect the project						
	Public Meetings	2	-	1	1	1	3
	Committee Meeting	2	1	4	-		5
	Newsletter	2	-	1	-	1	2
	House visit	-	-	0	-	-	0
	Achievements: - Allocation of 76 family units - The appointment of gardening cooperative via Jozi@work - Repair work done to the boundary and perimeter fence						
Europa House	Challenges: - The completion of the remaining 140 units, no specific time frame - The lack of security presence around the unallocated houses has resulted in vandalised of units - None payment of security by the City causes hostile environment - Illegal electricity connections to the main supply by old hostel residents who do not have electricity - Appointment of permanent caretaker						
	Public Meeting	2	1	0	1		2
	Committee Meetings	-	-	-	-	-	-
	House Visits & Audit	167	-	48	40	79	167
	Newsletter	1	-	-	-	-	0

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
	Achievements: - Four star rated building due to excellent facility and tenant management - House visits completed						
	Challenges: - No recreational space for children in the building - Lack of parking space, JOSHCO does not own basement parking - The building has insufficient space for providing additional wash lines						
Fleurhof	Public Meeting	2	3	2	-	-	5
	Committee Meetings	3	2	-	3	-	5
	House Visits & Audit	452	6	108	181	162	457
	Newsletter	1	-	3	2	-	5
	Achievements: - Launching of Community Policing forum reduced crime and mistrust						
	Challenges: - CALGRO not attending to latent defects due to outstanding payments, tiling not complete in phase 2 - Delays in servicing of heat pumps causing heat pumps to leak and break down						
	Public Meetings	4	2		2	1	5
	Committee Meeting	-	-	-	-	-	-
	Newsletter	2	3	-	1	-	4
	House visit	53	-	20	23	10	53
Jabulani	Achievements: - Boundary palisade fence completed - Access gate installed - Cleaning cooperative appointment via Jozi@work - Gardening cooperative appointment via Jozi@work - Planned maintenance completed						
	Challenges: - Residents unemployment - Tenants requesting biometric system - Tenants demand ownership of the units						
Klipspruit	Public Meeting	2	1	1	-	-	2
	Committee Meetings	3	1	1	1	1	4
	House Visits & Audit	40	15	15	15	15	60
	Newsletter	1	-	2	2	1	5
	Achievements: - All units audited and 4 illegal tenants given notices to vacate - Tenants delighted by the announcement by JOSHCO for the						

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
Kliptown Square	construction of new units - Jozi@work gardening contractors beautifying the gardens						
	Challenges: - Hostel is ageing as well as its population, most tenants are retiring leaving their unemployed children behind - Sizanani Community Centre using JOSHCO entry points and JOSHCO do not have a lease to regulate their activities						
	Public Meeting	1	1	1	-	-	2
	Committee Meetings	-	-	-	-	-	-
	House Visits & Audit	478	-	-	-	-	-
Kliptown Course	Newsletter	1	-	1	-	-	1
	Achievements: - Renovation of units, replacing carpets with ceramic tiles - Community to form CPF to eliminate crime as per Kliptown police captain and JOSHCO. - Energy and water saving installations - Pest control has been done in the project, both inside the units and outside common areas						
	Challenges: - The tenant's major problem is security in the project - It is only 1 Housing Supervisor instead of 2 so that is a big challenge - There are a lot of break-ins in the project - Windows of units that are next to the veld behind the flats are continuously being broken - High rate of unemployed tenants						
	Public Meeting	1	1	1	1		3
	Committee Meetings	4	1	2	2	1	6
Kliptown Golf	House Visits & Audit	808	-	-	-	-	-
	Newsletter	1		1			1
	Achievements: - The appointment of cooperatives both for cleaning and gardening. - Implementation of Jozi@work. - Razor wire fence installed around project perimeter to prevent break-in of units - Urban Dynamics has been appointed to visit each unit to identify and cost all defects.						
	Challenges: - Evictions and levy - Gardening outside Pavement - Community have problems with sub-letting of units - Maintenance for tenants that are not paying						

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
	- No recreations centre						
La Rosabella	Public Meeting	2	1	1	1	-	3
	Committee Meetings	-	-	-	-	-	-
	House Visits & Audit	50	-	48	-	2	50
	Newsletter	1	-	-	-	-	1
	Achievements: - House visits completed - Tenants meetings completed - Roof gutters and downpipes upgraded to resolve issue of rain water entering units						
	Challenges: - Lack of biometric system to improve security on the building - There is no recreation space for children. The layout of the building has no additional space.						
MBV	Public Meeting	2	1	0	1	0	2
	Committee Meetings	-	-	-	-	-	-
	House Visits & Audit	187	-	68	-	119	187
	Newsletter	1	-	-	-	1	1
	Achievements: - Installation of shower curtains was completed - The appointment of a live-in housing supervisor - Tenants meetings completed						
	Challenges: - Re-instating of lifts in progress, the re-instating lifts was delayed due to major quality work to be on the lifts in the building. - Non-paying tenants - Vandalism - Tenant aggressive behaviour. Tenants behave aggressively during the public meetings to block JOSHCO in the building. - Subletting; the plan is to fix biometric system during the 1st quarter 2016/2017. - Tenants blocking installation of pre- paid meters on the project.						
Orlando Ekhaya	Public Meeting	2	1		1		2
	Committee Meetings	4	1	1	1	1	4
	House Visits & Audit	289	-	26	-	-	26
	Newsletter	1	-	1	-	-	1
	Achievements: - Implementation of Jozi@work and appointment of cooperatives - The appointment of CSA						

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
	- Repainting of phase 1. - Changing of all sewer lines and pipes						
	Challenges: - Poor storm water drainage infrastructure						
Orlando West	Public Meetings	2	1	1	1	2	5
	Committee Meeting	-	-	-	-	-	-
	Newsletter	2	-	-	1	1	2
	House visit	44	-	-	22	22	44
	Achievements: - The appointment of a permanent caretaker - The appointment of the cooperatives both cleaning and gardening via Jozi@work - The establishment of the site office in agreement with the City of Johannesburg - Tenants satisfaction levels improved						
	Challenges: - House rules enforcement - Palisade fence to be reinforced - High rate of crime						
Pennyville	Public Meeting	2	1	-	1	1	3
	Committee Meetings	-	-	-	-	-	-
	House Visits & Audit	732	-	29	100	380	509
	Newsletter	1	2	2	-	-	4
	Achievements: - The internal and external re-furbishment of 188 communal units completed - The appointment of a second permanent housing supervisor - Personalised visits have improved - Occupancy audit identified several illegals tenants which have been given notice to vacate						
	Challenges: - The unfenced estate continuously poses safety risk;						
Raschers	Public Meetings	3	-	2	1	1	4
	Committee Meeting	-	-	-	-	-	-
	Newsletter	2	-	1	-	1	2
	House visit	95	-	25	28	-	
	Achievements: - Jozi@Work implementation - Completion of planned maintenance - Heat pumps installations - Energy saving initiatives installed						

Project Name	Activities	Target	Q1	Q2	Q3	Q4	Achieved
	- Staircases repainted - Bathrooms ventilations systems installed - Bathrooms and toilets refurbishments completed						
	Challenges: - The reception area need to be painted - The security guard house to be renovated - Common areas within the building need to be painted						
Roodepoort	Public Meeting	2	1	1	1	0	3
	Committee Meetings	2	1	1	1	-	3
	House Visits & Audit	420	-	89	177	154	420
	Newsletter	1	-	-	-	1	1
	Achievements: - Installation of motorised gates in all phases - Installation of razor-wire around boundary walls to improve security - Painting of external façade at phase 3 completed under planned maintenance programme - Strict pass in and out system implemented to prevent illegal access - Occupancy audit completed - Tenants and committee meetings completed						
	Challenges: - Lack of biometric system to identify illegals in the projects - Poor social behaviour e.g. youth substance abuse						
Selby	Public Meeting	2	1	1	1	-	3
	Committee Meetings	3	2	4	3	4	13
	House Visits & Audit	260	-	43	92	125	260
	Newsletter	1	-	2	4	-	6
	Achievements: - Illegal tenants in old hostel were removed - Poor performing security was replaced and tenants happy with current security - Enhanced tenant participation through personalised visits - Biometrics access system has been installed, improved security measures, parking bays units marked						
	Challenges: - SANCO and the Tenants Committee are confusing JOSHCO with separate demands - Biometrics is not yet fully functional - Misallocated tenants and succession problems yet to be resolved						

SECTION 5: CAPITAL PROJECTS AND EXPENDITURE

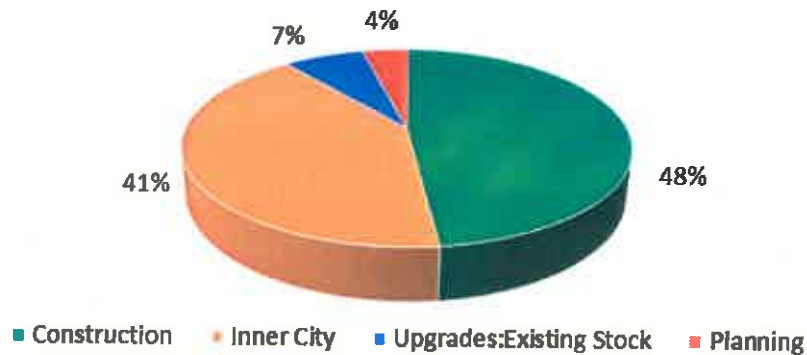
5.1. Capital Projects

JOSHCO was allocated a budget of R 493 403 000 funded from: COJ Loans, Urban Settlement Development Grant, and National Provincial Grant. As at June 2016 JOSHCO spent 100% of the capex budget against a target of 95% as illustrated in the table below:-

CORRIDOR OR NODE	PROJECT	BUDGET	EXPENDITURE	PERCENTAGE EXPENDITURE
Soweto to CBD along Empire and Perth Roads	Dobsonville Social Housing Project	80,861,000.00	80,860,477.84	100%
	Golden Highway Social Housing	65,262,000.00	65,261,285.19	100%
	Ikwezi Rental Housing	40,000.00	40,000.00	100%
	Jabulani	25,000.00	24,650.50	99%
	Lufhereng Social Housing	2,743,000.00	2,742,501.60	100%
	Nancefield Station	7,568,000.00	7,567,840.89	100%
	Pennyville New Canada TOD	3,242,000.00	3,241,020.06	100%
SUB-TOTAL		159,741,000.00	159,737,776.07	100%
CBD to Alexandra along Luis Botha Avenue	Hoek Street	462,000.00	461,084.62	100%
	Inner-City Housing	152,638,000.00	152,413,412.77	100%
	Lombardy East	3,000,000.00	2,999,080.89	100%
	Nederburg Building	4,651,000.00	4,650,165.45	100%
	80 Plein Street	42,690,000.00	42,689,041.74	100%
SUB-TOTAL		203,441,000.00	203,212,785.47	100%
Alexandra – Marlboro to Sandton – Randburg	Randburg Selkirk	9,205,000.00	9,003,997.46	98%
	SUB-TOTAL	9,205,000.00	9,003,997.46	98%
Turffontein Node	Turffontein Social Housing	37,500,000.00	37,499,997.53	100%
SUB-TOTAL		37,500,000.00	37,499,997.53	100%
Mining Belt	Kliptown Housing Project	46,000.00	45,764.37	99%
	Princess Plots	3,411,000.00	3,410,291.71	100%
	Fleurhof Riverside Ridge	27,079,000.00	27,078,709.89	100%
	Roodepoort Phase 2	3,046,000.00	3,045,356.84	100%
SUB-TOTAL		33,582,000.00	33,580,122.81	100%
STOCK CAPITALISATION	Antea	3,119,000.00	3,118,798.59	100%
	Bothlabela	10,373,000.00	10,372,951.43	100%
	Chelsea	3,310,000.00	3,309,523.29	100%
	City Deep	5,634,000.00	5,633,297.36	100%
	Kliptown Golf Course	19,207,000.00	19,206,794.41	100%
	Pennyville Rooms	8,291,000.00	8,290,726.84	100%
SUB-TOTAL		49,934,000.00	49,932,091.92	100%
TOTAL		493,403,000.00	492,966,771.26	100%

The spending of JOSHCO's capex is 96% in the service delivery categories, 48% of budget was spent on construction, 41% in the Inner City which includes the purchasing of buildings and 7% was spent on upgrading existing projects.

Capex Spent as Per Allocated Category



5.2 Capex spending includes the following projects:-

Legend	Category	Projects	Outputs
R237 million spent 48%	Construction Delivered 743 units	Dobsonville	212 units in June 2016
		Devland	153 units in June 2016
		Fleurhof	252 units in June 2016
		Kliptown Golf Course	126 units in June 2016
		Nancefield	No units planned construction commenced
R 200 million Spent 41%	Inner City Conversions Delivered 79 units (60 units and 19 communal rooms)	80 Plein Street	56 units by June 2016
		Selby	19 Rooms in June 2016
		Nederberg	No units planned: Construction commenced
		Hoek Street	
	Inner City Planning & Purchase Buildings	Casa Mia	Detailed plans and designs and preparation of tenders
		Smit Street	Buildings purchased in 2014/2015: Detailed plans and designs and preparation of tenders
		Wolmarans	
		Fraser House	
		Durban	
		Albert	5 Buildings purchased in the inner city
		Purchase Buildings	
R581 thousand spent 4%	Planning Greenfields	Jabulani	Feasibilities, detailed plans and designs and preparation of tenders
		Kliptown	
		Lufhereng	
		Pennyville	
		Princess Plots	
		Roodepoort Phase 2	
		Lombardy	
		Randburg Selkirk	
R 33 million spent 7%	Upgrades of existing projects	Antea	implementation of planned maintenance programme (upgrade) in existing projects based on
		Botlhabela	
		Chelsea	

Construction commenced in the following projects as per JOSHCO's development programme. There were no units planned for this financial year. The projects will begin to yield units in 2016/2017.

Projects	Project Yield	Project Status
Turffontein Social Housing	485	The project will yield 90 units 2016/2017
Nancefield Social Housing	484	The project will yield 90 in 2016/2017
Hoek Street	265	The project will yield 60 units in 2016/2017
Nederburg	65	The project will yield 65 units in 2016/2017
Total	1299	

5.5 Projects Status Report (Construction)

Project	Total Unit Yield	Unit Target 2015/2016	Unit Actual 2015/2016	Project Status
Devland (Golden Highway)	588	200	153	- Phase 1 will yield 255 units, 153 were completed in 2015/2016. The balance of the 102 units in Phase 1 will be completed and handed over in October 2016. - Phase 2 will yield 333 units. Phase 2 has not commenced as JOSHCO is awaiting a 101 Certificate from Planning (Legal Department). A conveyancer has been appointed to lodge the transfer of the land to the City. The process is expected to be completed in August 2016.
Dobsonville	502	298	212	- The project progressed well during the fourth quarter of 2015/2016 and 212 units were completed. The balance of the (290) units, are expected at end of December 2016. - Phase one of the encroachment has been completed and the contractor is currently working on phase two. The demolition and re-construction process includes transferring the sewer from the individual stands encroaching

Project	Total Unit Yield	Unit Target 2015/2016	Unit Actual 2015/2016	Project Status
				into the development site and commissioning.
Fleurhof Phase 2	252	252	252	252 units were completed in 2015/2016. The project is currently being snagged and the external work is being completed. It is anticipated that the project will be ready for allocation of tenants in September 2016.
Turffontein	485	-	-	The site has been handed-over to the contractor. The contractor has commenced with site establishment and external earthworks. The project is expected to yield 90 units in 2016/2017.
Nancefield	484	-	-	The site was handed-over to the appointed contractor on the second week of June 2016. The project is expected to yield 90 units in 2016/2017.
Hoek Street	265	-	-	The main contractor has been appointed, the site was handed-over mid-June 2016. The project is expected to yield 60 units in 2016/2017.
Nederburg	60	-	-	Construction commenced in May 2016 and the completion of the project is expected in June 2017, project will yield 60 units.
80 Plein	344	50	56	- The project is currently underway. 56 units were completed in June 2016. 120 Units are expected in 2016/2017.
Kliptown Golf Course	126	-	126	- Phase 5 of the project was completed by JOSHCO in 2015/2016. - The project was developed by the Gauteng Department of Human Settlements and JOSHCO is managing 714 units. Due to the delays in completing the project by the

Project	Total Unit Yield	Unit Target 2015/2016	Unit Actual 2015/2016	Project Status
				Province, a decision was taken by management that JOSHCO complete all outstanding planning work and construction. In the new financial year JOSHCO will complete the repairs on all defects as well as town planning work.
Selby Village	99	-	19	The project is delivered in two phases, phase 1 was completed in June 2016 and 19 rooms were completed. Phase 2 will commence in 2016/2017 and will yield a total of 90 rooms.
Lombardy	512	-		The project is currently on-hold while an Environmental Impact Assessment process is underway. It is anticipated that building plans approval will only be completed in March 2017.
Total	3719	800	818	



Fleurhof Phase 2: Finishes



Fleurhof Project



Dobsonville Project: Finishes



Dobsonville Project



Devland Project: Finishes



Devland Project

5.6 Inner City Buildings Purchased

The City of Johannesburg through the planning department has developed a statement of intent and a road map for transforming the Inner City of Johannesburg. One of the key challenges identified in the Inner City Transformation Roadmap is insufficient. The demand for inner city accommodation is far greater than the supply. The CoJ Housing Department and JOSHCO have been identified as key role players in contributing towards the transformation of the Inner City by providing affordable rental housing and transitional accommodation.

The five properties were purchased in 2015/2016:-

Summary of Buildings	Estimated Number of Units
2-16 Abel Street	257
3-7 Stephenson Street	135
70 Loveday Street	To be used for retail tenants
02 Eleventh Street	300
97-99 Rissik Street	120
Total	812 Units

2-16 Abel Street, Hillbrow

The 2-16 Abel Street property consists of three buildings and two portions of potential development land. The three buildings consists of a total of 257 units that require minor remedial works at minimal construction costs in order to reach practical completion. The two portions of development land totalling 2130 square meters provides a great

opportunity for the development of additional units and/or provision of other uses. The property is a stone's throw away from the Chelsea project and in close proximity to the Claim Street property purchased last year.



Estimated Unit Yield = 257 units in current condition. Additional units to occur if development land is used for residential development.

3-7 Stephenson Street, Wemmer, Johannesburg

The 3-7 Stephenson Street property is a high quality, vacant building in Johannesburg offering 6 storeys of residential space. The property has 135 residential units that are in the process of being refurbished. JOSHCO has requested that the building be refurbished according to JOSHCO's specifications. The property is located on the Corner of Stephenson Street and Eloff Ext and is located in close proximity to Faraday Taxi Rank. It offers very good access by both motor car and a range of public transport nodes.



Estimated unit Yield = 135 units

70 Loveday Street, Raschers retail component

The 70 Loveday Street (Raschers) is a building which JOSHCO has sectional title ownership of the residential portion of the property i.e. from the first floor upwards. The private owner of the ground floor retail component placed it for sale. JOSHCO took up the opportunity to purchase this portion of the property thereby allowing JOSHCO to have full ownership of the building.



Additional Income expected from four retail tenants

02 Eleventh Street, Malvern

2 Eleventh Street is a property located in Malvern containing a single storey building and an extremely large piece of development land. The single storey property provides JOSHCO with an opportunity to provide temporary and emergency housing in accordance with the Inner City housing Implementation Plan. The total development land size is 7273 square meters. The property has a development potential of 300 residential units.



Estimated unit Yield = 300 units

97-99 Rissik Street, Park Chambers, Johannesburg CBD

Park Chambers consists of a 9 storey building together with an associated warehouse. Acquisition was done through JPC.



Estimated Number of Units = 120 Units

5.7 Upgrade of Existing Stock

The upgrading of existing JOSHCO stock was implemented 100% as per the planned programme. The programme is based on the condition assessments that were undertaken in all JOSHCO stock in 2014/2015. The upgrade programme has a positive impact on the customer satisfaction levels of JOSHCO tenants.

The programme was implemented in the following projects:-

Project	City Deep
Number of Units	123
Upgrade Cost	R5,469,220.74
Scope of Work: 1. Scraping old plaster, waterproofing and re-plastering 2. Guttering and other rain water goods 3. Painting to walls, rain water goods, pipes, windows, doors, frames and grills 4. Wash lines	
Jozi@Work:	
Number of Co-Ops/Micro Businesses	10
Number of Jobs Created	100
Cost of Work Package : Direct Cost to Beneficiaries	R 2,400,000.00

Before Picture:



After Picture:



Project	Botlhabela
Number of Units	520 Rooms
Upgrade Cost	R10,070,826.63
Scope of Work:	
1. Floor/wall tile removal and re-tiling including prep work 2. Removal of doors and frames. Re-brick with new frames and doors 3. Waterproofing to roofs 4. Joinery and ironmongery 5. Painting to walls, rain water goods, pipes, windows, doors, frames and grills	
Jozi@Work:	
Number of Co-Ops/Micro Businesses	9
Number of Jobs Created (Jozi@work)	54
Cost of Work Package : Direct Cost to Beneficiaries	R2,173,500

Before Picture:



After Picture:



Project	Pennyville
Number of Units	520 Rooms
Upgrade Cost	R8,048,670.08
Scope of Work:	
1. Floor/wall tile removal and re-tiling including prep work	
2. Removal of doors and frames. Re-brick with new frames and doors	
3. Joinery and ironmongery	
4. Painting to walls, rain water goods, pipes, windows, doors, frames and grills	
5. Wash troughs	
6. Entrance door canopies	
The whole interior was refurbished with ceiling height tiles to bathrooms and new sink unit and fittings, painted walls/ceilings	
Number of Jobs Created	62

Before Picture:



After Picture:



Project	Chelsea
Number of Units	80 Rooms
Upgrade Cost	R3,062,123.31

Scope of Work:

1. Floor/wall tile removal and re-tiling including prep work to common areas and bathrooms
2. Joinery and ironmongery
3. Wall cladding to passages
4. Painting to walls in common areas & bathrooms.
5. Paving to car park, road marking
6. Phase brick walls and gate to car-park
7. Roof washing lines Clear-vu fencing and ancillary work

Number of Jobs Created**30****Before Picture:****After Picture:**

Project	Antea
Number of Units	302

Upgrade Cost	R 2,954,382.58
Scope of Work:	
1. Painting to external walls, windows, doors passages gutters etc. 2. Partitioning and kitchen fitting to Crèche 3. Wash lines	
Jozi@Work:	
Number of Co-Ops/Micro Businesses	10
Number of Jobs Created	50
Cost of Work Package : Direct Cost to Beneficiaries	R 1,532,530

Before Picture:



After Picture:



5.8 Land Parcels /Buildings secured in the Corridors of Freedom

The target for the financial year was to achieve 4, the annual target has been over-achieved by 2 at the end of the 3rd quarter, and the total achieved to date is 6 land parcels at:-

- Elias Motsoaledi (COJ Housing)
- Turffontein
- Kelvin (JPC)
- Marlboro (JPC)
- Jabulani 2 (JPC)
- Princess Plots (JPC)

5.9 Projects Planned within 1km Radius of Corridors

The annual target is 4, the target was achieved for the financial year for the following projects:-

- Roodepoort
- Lufhereng
- Randburg
- Princess Plots

5.10 New Projects that Obtained Planning Approval

The target for the financial year was to achieve 4, the annual target was over achieved, and 8 project approvals were achieved for the financial year:-

- Devland: Building Plans approved on the 6th November 2015
- Dobsonville: Building plans approved on the 2nd November 2015 and the SDP approved on 23 October 2015
- Princess Plots: Building plans approved in November 2015
- Lombardy: Approved 2 February 2016
- Turffontein: Approved 16 February 2016
- Nederberg: Approved August 2015
- Plein street: Approved 29 September 2015
- Orlando : Approved 6 August 2015

5.11 Waste Reduction Initiatives in New Developments

The target for the financial year is 2 initiatives. The target for the financial year has been over achieved in Lombardy, Turffontein, Hoek Street, Plein Street, Dobsonville, Devland, 6 Inner City Buildings, Princess Plots, Randburg and Roodepoort. (Incorporated in the plans of 15 projects)

5.12 Projects Designed Incorporating Rain Water Harvesting and Energy Efficiencies

The target for the financial year is 5 projects. Rain water harvesting and energy efficiencies have been incorporated into the designs in the following projects:-

- Princess Plots
- Lufhereng

- Roodepoort
- Wolmarans
- Randburg

SECTION 6: PERFORMANCE AGAINST INSTITUTIONAL SDBIP

This section provides the performance of the entity during the year and the comparisons of the performance against set targets and performance on the City's IDP scorecard. The full performance report is annexed at the back of the report titled "Performance Scorecard".

Legend:

	Target for the year has been met and performance on track.
	Target for the year has not been met; but progress is being made. Close management is required.
	Problems are being experienced and intervention is required.

Key Performance Indicator/s	Target for the year	Annual Achievement		
		Year to date Achievement	Performance Assessment Status	Remarks/ Mitigation
STRATEGIC ASSESSMENT (SDBIP)				
Number of social housing units developed	2015/16	818		Target for the year is 800
OPERATIONAL COMPLIANCE				
Unqualified Audit Opinion - Auditor General (AG) Findings Resolution	None for the year	No findings from the previous years.		
Unqualified Audit Opinion - Internal Audit Findings Resolution	25 findings were raised by the internal audit for the year.	25 findings were raised by internal audit for the year and 8 were resolved, 7 partially resolved and 10 were unresolved		The partially resolved and unresolved findings will be followed up in the new financial year.
SERVICE DELIVERY				
No. of work packages created through Jozi@work	45	45		The target for the year was has been exceeded.
% achievement of Service Level Standards	100%	100%		The performance of all new maintenance contractors is monitored on a weekly basis and it is very impressive.
FINANCIAL PERFORMANCE				

Key Performance Indicator/s	Target for the year	Annual Achievement		
		Year to date Achievement	Performance Assessment Status	Remarks/ Mitigation
Revenue Collection/ Losses	89%	91%		The targets in the JOSHCO Business Plan were set lower than that of the SDBIP.
Operational Expenditure	0-5	>1%		Billing of the management fees on a quarterly basis
Capital Expenditure	100%	100%		Expenditure was achieved for the year.

Breakdown of Service Standards Achieved for the Year

NO.	Aspect of Services			Minimum Acceptable Service Standards	Minimum Acceptable Turnaround time	JOSHCO's Achieved target	Comments
1.	Maintenance	1.1	Maintenance of properties under Joshco control	Maintenance to address compliance to health and safety standards	Once per year and as when required	Once a year	Servicing and repairing of fire extinguisher
		1.2	Attending to requests for maintenance	Investigation of request	Within 7 days' request	7 Days	Day to day maintenance done within 7 days
2.	Repairs	2.1	Repairs to properties under Joshco control	Repairs in instances where safety of people of property should be a concern	Within 24 hours of logging a request	24 hrs	• Blockage • Illegal cable wire • Burst geyser
		2.2	Repairs to properties under	Repairs in other instances	Within 7 days of request	7 days	Day to day meeting 7 days turnaround
3	Billing	3.1	Billing	100% accurate bills to 100% of JOSHCO customers	Once per month	Once per month	None

NO.	Aspect of Services		Minimum Acceptable Service Standards	Minimum Acceptable Turnaround time	JOSHCO's Achieved target	Comments
4	Resolutions of complaints	4.1	Resolution of Complaints relating to billing	Acknowledgement of receipt and details of contact person to whom complaint has been assigned to for resolution; Resolution or escalation of complaint – with detailed feedback to customer	Within 24 hours (excluding weekends) of complaint being logged. Within 7 days of complaint being logged	Complaints are resolved within 24 hours of being logged None

SECTION 7: ASSESSMENT OF ARREAR ON MUNICIPAL TAXES AND SERVICE CHARGES

7.1. Assessment of Municipal Taxes and Service Charges owed to the entity

Detail	Current	30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
Debtor's Age Analysis by income Source	R 3 968 302.49	R2 683 060.31	R2 392 966.16	2 051 291.40	R 26 816 303.97	R 31 260 51

7.2 Amounts owed by entity for service charges

Name of Entity	Amount Owed	Status	Comments
COJ	R2 664 172.55	Current	Substantially reduced Compare to prior year.

7.3. Assessment of Directors' and senior managers' municipal accounts

Name of Director/Senior managers	Designation	Name of Municipality	Municipal Account Name & Number	Account Status as at 30 June 2016
Zeona Jacobs	Non-Executive Director	City of Johannesburg	ZA Motshabi 206768540	Current

Name of Director/Senior managers	Designation	Name of Municipality	Municipal Account Name & Number	Account Status at 30 June 2016
Molefi Olifant	Non-Executive Director	City of Johannesburg	Not Applicable	Not applicable
Lesenyego Matlhape	Non-Executive Director	City of Johannesburg	403059582	Current
Buyiswa Majola	Non-Executive Director	City of Johannesburg	Not Applicable	Not applicable
Joel Chauke	Non-Executive Director	Mogale City	J. Chauke 152498	Current
Dereleen James	Non-Executive Director	City of Johannesburg	Not Applicable	Not applicable
Cheryl Holmes	Acting SM: Housing Development	City of Johannesburg	C Holmes 501615381	Current
Phumlani Maseko	SM: Business Planning & Risk Management	City of Johannesburg	L/P Maseko 502884459	Current
Pretty Ngwasheng	SM:HR & Corporate Support	City of Tshwane	MM//PN Ngwasheng 5007206487	Current
Success Marota	CFO	City of Ekurhuleni	NS//MR Marota 2103933196	Current
Mpolai Nkopane	Acting CEO	City of Johannesburg	M Nkopane 402771010	Current
Edgar Neluvhalani	Non-Executive Director	City of Tshwane	F E Neluvhalani 5000690503	Current
Nosicelo Twala	Non-Executive Director	City of Johannesburg	N Twala 201324943	Current
Bhekisipho Twala	Non-Executive Director	City of Tshwane	B Twala 1. 8001286908 2. 5011794057 3. 5013860864	Current

SECTION 8: STATEMENT ON AMOUNTS OWED BY GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Name of department	Amounts owed	Account status
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City of Johannesburg: Sweeping account	R144 630 010.44	Current
City of Johannesburg Treasury: Intercompany	R5 958 169.00	Current
Social Housing Regularity Authority	R18 408 967.57	180 days overdue
Gauteng Provincial Fund	R15 968 756.79	180 days overdue
Capital Asset Management	R162 235 553.02	Current
Total	R347 201 456.82	

SECTION 9: RECOMMENDATION AND PLANS FOR NEXT FINANCIAL YEAR

Hereunder is an indication of JOSHCO's project pipeline.

Projects under Planning (Pipeline of Projects)

Projects	Activity	Anticipated Date of Achievement	Future Activities
Kliptown (Units: 500)	Project Managers have been allocated to the project. The proposal has been submitted and the Service Level Agreement has been prepared for signing	15 July 2016	2016/17- Planning & Approvals 2017/18 Construction
Ikwezi (N/A)	The project has been suspended indefinitely and removed from the business.	N/A	N/A
Roodepoort Ext 2 (Units: 96)	Project concept has been finalized and approved by the development Exco. The consultants are busy with tender documentation. Service level agreement to be signed with Project Manager.	5 July 2016	2016/17 -Tender & Construction
Lufhereng (Units: 418)	The project is a turnkey development. Technical studies and designs have been completed. Developer currently finalizing the bill of quantity for submission to JOSHCO. Development Agreement to be finalized with the developer.	29 July 2016	2016/17 - Planning Approvals and Services installation 2017/18 - Top structure Construction
Randburg (Units:748)	- Phase 1 of the project included the installation of fencing and flood lights, this was completed in June 2016. - Phase 2: Concept designs have been approved. - Consultants instructed to proceed with detailed designs and costing	30 September 2016	2016/17- Planning Approvals and Services installation 2017/18 - Top structure Construction

Projects	Activity	Anticipated Date of Achievement	Future Activities
	• Tender Documentation and tender award		
Princess Plots (Units: 300)	• Consultants have been appointed. The Consolidation application has now been approved, the Rezoning application is awaiting approval.	31 August 2016	• 2016/17 - Planning, Approvals Tender & Services • 2017/18 Top structure Construction
Pennyville (Units: 1200)	• The project is to be implemented in 2 phases. The Development Agreement has not been finalized as yet. Planning and design is however underway, the township establishment application is in process and the draft Site Development Plan and costing to be reviewed	31 August 2016	• 2016/17 Approvals, Installation of Services • 2017/18 Construction:
50 Durban Street	• Design and financial feasibility completed and approved. • Tender draft preparation • Tender Procurement • Tender Award	June 2016 July 2016 August 2016 September 2016	• 2016/17 Construction
33 Albert	• Design and financial feasibility completed and approved. • Tender draft preparation • Tender Procurement • Tender Award	June 2016 July 2016 August 2016 September 2016	• 2016/17 Construction
Fraser House	• Design and financial feasibility completed and approved. • Tender draft preparation • Tender Procurement • Tender Award	June 2016 July 2016 August 2016 September 2016	• 2016/17 Construction
16 Wolmarans	• Design and financial feasibility completed and approved. • Tender draft preparation • Tender Procurement • Tender Award	June 2016 July 2016 August 2016 September 2016	• 2016/17 Construction

Projects	Activity	Anticipated Date of Achievement	Future Activities
280 Smit	• Residential Design concept approved. • Board Approval • Project Design and feasibility • Tender draft preparation • Tender Procurement • Tender Award	June 2016 July 2016 August 2016 September 2016 October 2016 November 2016	• 2017/18 Construction
106 Claim	• Project initiation • Inception Report • Concept approval • Design and financial feasibility completed and approved. • Tender draft preparation • Tender Procurement • Tender Award	June 2016 July 2016 September 2016 November 2016 January 2017 February 2017 April 2017	• 2017/18 Construction

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

This chapter covers programmes designed to improve employment equity and skills development, and highlight significant human resource management policies and practices that are aimed at building the capacity of JOSHCO personnel.

SECTION 1: HUMAN RESOURCE MANAGEMENT

The Human Resource Management function within JOSHCO assumes multiple roles in creating, delivering and sustaining the value proposition for the organisation's strategic objectives. Amongst others, these roles included the provision of Human Resources Management; Employee Benefits and Administration; Planning and Reporting; Human Resources Development; Performance Management and Improvement; Employee Wellbeing and Employee Relations.

During the year, the department was engaged in recruitment and selection, workforce development project, review and development of the HR policies, training and development activities, implementing the employee wellness programmes, and finalizing the disciplinary hearing and recorded employee relations cases. The sections below will summarise the performance highlights for the year under review. These activities were aimed towards the attainment of the strategic objective.

Workforce Analysis

The current approved structure has 117 positions, out of which 100 positions has been filled and 17 positions vacant. A detailed analysis has been provided in the table below:

Detailed analysis on occupancy and vacancy rate

Department	Approved positions	Occupied positions	Vacant positions	Temporary staff	Interns & Learners
Office of the CEO	4	2	2	1	0
Housing Management	57	45	12	5	2
Housing Development	13	13	0	0	0
Business Planning & Risk	3	3	0	1	2
Finance, Revenue & SCM	31	28	3	1	5
Corporate Support & HR	9	9	0	1	1
Total	117	100	17	9	10

Vacancy and Occupancy %	85%	15%	8%	9%
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JOSHCO is operating at 85% occupancy rate against the approved staff establishment with the remaining 15% recorded as vacancy rate; this is high due to the size of the organisation. The norm for the size of the organisation should be less than 10%.

However, 9 temporary staff are appointed on short term contracts as an immediate replacement of staff to assist in critical areas while the recruitment process is underway to fill the vacant positions.

SECTION 2: EMPLOYMENT EQUITY

JOSHCO is a diverse organisation that makes immense effort to appoint a fair representation of employees in terms of race and gender in order to comply with its employment equity plan. The tables and graphs below are based on the formats prescribed by the Employment Equity Act, 55 of 1998 and the Department of Labour. JOSHCO Employment Equity is profiled according to gender, disability, race, salary grade and by occupational categories. The employment equity targets are aligned to the country's Economically Active Population percentage distribution within the Gauteng region as depicted in the table below.

Employment Equity and Affirmative Action

Description	Total employees	EE Target %	EE Actual %	Variance
Africans	87	78%	87%	9%
Coloureds	6	4%	6%	2%
Indians	2	2%	2%	0%
Whites	5	16%	5%	-11%
Total	100	100%	100%	
Persons with disability	2	2%	2%	0%
Male	50	50%	50%	0%
Female	50	50%	50%	0%

During the year, African representation increased by 1% to record 87% which is above the set target of 78%. Coloureds and Indians employees remained the same at 6% and 2% respectively. White representation remained the same at 5%, which is below the set target of 16% by 11%, management will review the EE targets in the new financial year.

The company has attained its 2% target of employing persons with disabilities through the Learnership and internship programme.

Gender analysis and race profile per occupational level

Gender and Race											Grand Total
Occupational Level	Male					Female					
	A	C	I	W	Total I	A	C	I	W	Total I	
Top Management (E)	0	0	0	0	0	0	0	0	0	0	0
Senior Management (E)	1	0	0	0	1	1	1	0	0	2	3
Middle Management (D)	10	0	0	4	14	8	1	0	0	9	23
Supervisory or Skilled (C)	23	1	1	0	25	26	2	1	1	30	55
Semi-skilled (B)	9	0	0	0	9	5	1	0	0	6	15

Gender and Race											Grand Total
Occupational Level	Male					Female					
	A	C	I	W	Total I	A	C	I	W	Total I	
Unskilled (A)	1	0	0	0	1	3	0	0	0	3	4
Total	44	1	1	4	50	43	5	1	1	50	100
% of gender representation	44%	1%	1%	4%	50%	43%	5 %	1%	1%	50%	100%

The 50/50 target for gender representation of males and females has been achieved for the quarter, and JOSHCO's gender profile is depicted in the diagram below.

Gender Profile

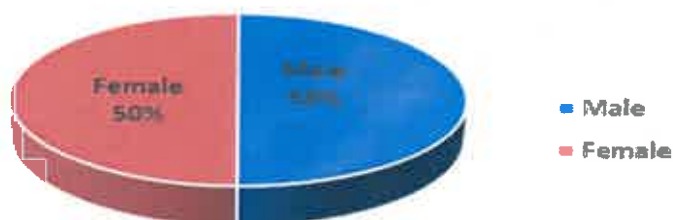


Figure: Gender Profile

SECTION 3: SKILLS DEVELOPMENT AND TRAINING

Skills Development has increasingly become an important component of Human Resources as a means of improving performance and organizational effectiveness. 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. A total of 91 staff attended various group interventions on Municipal Finance, Municipal Stakeholder management relations, SAP/ MDA, Cobit, National Credit Act, Debt Collection, Budget, Maintenance and Scheduling Training

As at 30 June 2016, a number of employees attended short courses, seminars that were facilitated by accredited training service providers. An amount R427 663.05 was spent on study bursaries for 15 employees and total amount of R1 048 327.55 was spent on skills development initiatives, which is above the 1% salary bill.

SECTION 4: PERFORMANCE MANAGEMENT AND SUCCESSION PLANNING

JOSHCO has a well-embedded standardised performance management process for setting performance objectives, which is aligned to the Business Plan and Divisional

plans. Formal performance reviews are conducted bi-annually during December and June. Year-end performance ratings are the determinant of a performance reward. An enhanced performance development and coaching approach was introduced to ensure that employee performance is consistently and fairly reviewed.

The table below summarizes the performance agreements and mid-term reviews:

Performance Management 2015 – 16

Department	Eligible Staff members	Performance Agreements submitted	Mid-Term Performance Reviews submitted	Comments
Office of the CEO	3	3	3	None
Business Planning & Risk	1	1	1	None.
Housing Management	8	8	1	One (1) Mid-Term review for the Community Development Manager not submitted.
Housing Development	11	11	7	None.
Finance, SCM and Revenue	24	24	24	None
Corporate Support & HR	2	2	2	None
Total	49	49 (100%)	38 (98%)	Four (4) employees were not eligible to conduct the Mid-term review since they commenced duties during the middle of the performance has cycle

As at 30 June 2016, the submission of Performance Agreements was 100%, Mid-Term Performance Reviews submission was at 98%, and the outstanding information is for the Community Development Manager. The annual performance reviews have not commenced as the system will be opened from the 30th of June until 31st of July 2016.

In relation to the Succession Planning, JOSHCO has an approved Succession plan which was approved by the Board, however due to the organisational alignment project underway, the implementation has been put on hold pending the finalisation of the process.

SECTION 5: EMPLOYEE WELLNESS

The overall engagement rate, which includes uptake of all services provided, amounted to 45.8% during the period under review, which suggest that employees have easily accepted the EWP as their support and counselling service.

During the period under review, the most commonly utilized service by employees was Professional Counselling, which constitutes 63.6% of total engagement in the most recent period. Problems relating to stress, relationship, organisational issues, addictive behaviours and information & resources constituted the most commonly presenting broad problem categories during the most recent review period, accounting for 11.6% of all difficulties respectively. The percentage of employees whose problems appear to be having a severe impact on their work is less than 1%.

Overall 33 cases were recorded during the year and the details of the cases are summarised in the table below:

Problem Cluster	Number of cases logged
Stress	11.6%
Relationship Issues	11.6%
Organisational Issues	11.6%
Information & Resources	11.6%
Addictive Behaviours	11.6%
Trauma	9.3%
Loss Issues	9.3%
HR Issues	9.3%
Money Management	4.7%
Personal development, Mental Illness/Psychiatric and Health & Lifestyle	2.3%

The majority of these issues were linked to performance management and substance abuse issues. However, there was no high risk of suicide and homicide ideation, or safety risk cases reported during the review period.

Leave and Productivity Management

JOSHCO employees are entitled to 24 days leave per annum to be taken at a time convenient to JOSHCO and agreed upon by your manager. 80 sick leave days in a three (3) year cycle are also provided. The section below provides a detailed overall leave management and analysis per department

Overall Company Leave Analysis for the Year

Type of Leave	Total	Days	% leave days	% of work days
---------------	-------	------	--------------	----------------

	Taken	taken	
Annual Leave	276	57%	4.2%
Sick Leave	103.5	21%	1.6%
Family Responsibility Leave	33	0.68%	0.5%
Study Leave	53	0.11%	0.8%
Unauthorised Leave	1	0.02%	0.01%
Maternity leave	18	0.037%	0.27%
Total	484.5	-	7.3%

Annual leave was the most leave taken by employees as per figure 2 above by 57%, Sick Leave was at 21%, Study leave at 11%, and Family Responsibility was the least Leave taken at 0.68%. There was one (1) case of unauthorised leave recorded for this quarter and the day was considered as unpaid leave.

Employee Benefits

JOSHCO is a participating employer in one of the retirement benefit schemes to provide post-employment benefits to all its eligible employees. A total of 73 JOSHCO staff belong to E-Joburg Retirement Fund, 3 employees receive home owners allowance and 3 receive non-pensionable allowance.

CHAPTER FIVE: FINANCIAL PERFORMANCE

This section must be read in-conjunction with the Audited Financial Statements.

SECTION 1: STATEMENT OF FINANCIAL POSITION AND NOTES

Assets

Current assets increased by R36m (from R373m to R409m) as a result of funds that were swept by the City. There has been no material change on the composition of non-current assets.

Liabilities

Non-current liabilities have decreased by R52m (from R91.2m to R39.2m) as a result of DBSA Loan and reduction in deferred income (SHRA repatriation of funds). Current liabilities increased by R87m (from R303m to R390m) and relates mainly to CAPEX accruals raised at year-end.

Ratio Analysis

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

1. Current Ratio (Acid Test Ratio)

$$\begin{aligned}\text{Current Ratio} &= \frac{\text{R409 million}}{\text{R389 million}} \\ &= 1.05: 1\end{aligned}$$

From the above, it is evident that the entity's working capital (short-term assets) adequately covers the short-term liabilities.

The entity therefore has sufficient liquidity in the short-term to cover its debt i.e. 1.08 times.

2. Solvency Ratio

$$\begin{aligned}\text{Solvency Ratio} &= \frac{\text{R446 million}}{\text{R429 million}} \\ &= 1.04: 1\end{aligned}$$

From the above, it is evident that the entity's total assets will not adequately cover the total liabilities. The entity therefore has insufficient solvency in the long-term to cover its debt i.e. 1.04 times.

The going-concern of JOSCHO over the short-term (12 months) can be demonstrated by considering the accumulated reserves of R17.1 million. It is further supported by the current ratio which shows the liquidity of the entity as 1.05 (current assets to current liabilities).

The entity is therefore able to continue its operations over the foreseeable future.

SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND NOTES

Revenue

The following table shows how the entity's revenue was made up for the period ended 30 June 2016:

Revenue	Actual R'000	Budget R'000	Weighting
Rentals received (including levies)	102 355	101 993	73%
Subsidies	19 952	19 952	14%
Management fees	8 620	7 157	6%
Interest received	5 800	3 516	4%
Other income	3 878	1 775	3%
Total	140 605	134 393	100%

73% of the JOSHCO's revenue was generated from its core mandate of developing, rehabilitating, converting and managing housing stock on behalf of the City of Johannesburg. This indicates self-financial sustainability and is in line with the intention of the Board of directors and management to become self-sufficient.

Subsidies from the City of Johannesburg only made up 14% of the revenue in order for the entity to break even and this is in line with previous financial years.

The collection rate for the period ended 30 June 2016 on tenant billings was 91%. These collection was 2% ahead of the budgeted collection rate of 89%. The improved collection rate is the result of the implementation of the revenue collection strategies.

Results of Operations

Description	2015/16 Financial Year			
	Actual R'000	Budget R'000	Variance R'000	Variance %
Revenue	140 605	134 393	5 298	4%
Less: Total expenditure	-135 328	-132 333	-2 995	2%
Core Mandate (Deliverables):	-68 495	-63 828	-4 667	-7%
Repairs & Maintenance - Flagship 1	-50 056	-49 685	-371	-0.7%
Utility Costs - Flagship 2	-3 887	-5 264	1 377	26%
Other project related costs - Flagship 3	-14 552	-8 879	-5 673	-64%
Administrative Costs	-66 833	-68 505	1 672	2%
Governance & staff costs - Enabler 1	-36 710	-35 559	-1 151	-3%

Description	2015/16 Financial Year			
	Actual R'000	Budget R'000	Variance R'000	Variance %
General Expenses - Enabler 2	-30 123	-32 946	2 823	9%
Surplus before tax	5 277	2 060	3 217	156%

The above table indicates a variance on total actual expenditure of 1% (i.e. R1.4m) compared to budget and this variance represents under expenditure.

This is in line with the KPA for ensuring that the entity is financially sustainable. In considering this under expenditure, it must be related to JOSHCO's flagship projects and administrative enablers:

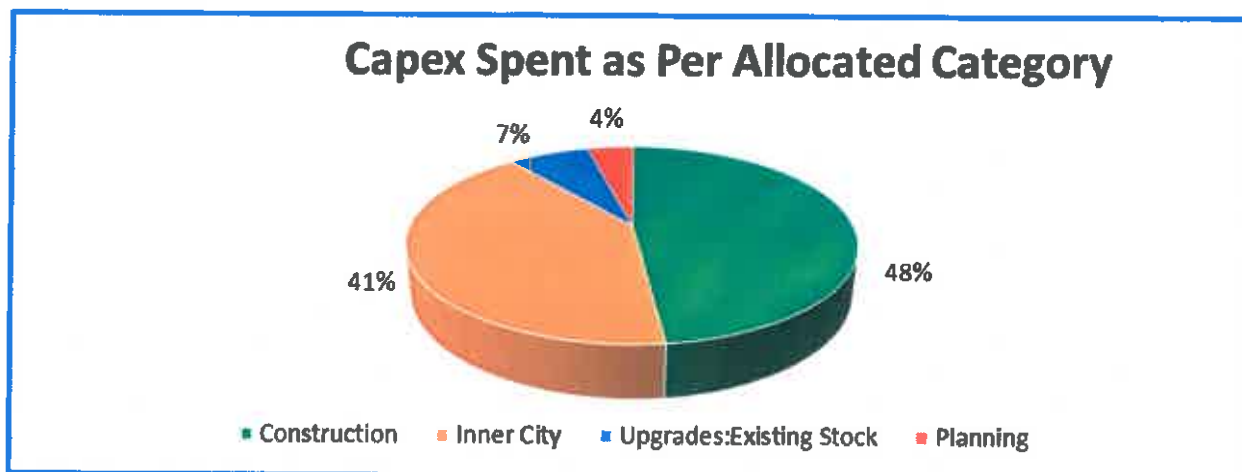
- *Flagship 1 (Repairs and maintenance)* - Delivery has occurred in terms of the approved business plan. These relates to both planned and unplanned repairs and maintenance.
- *Flagship 2 (Utility services)* - savings of R1.4 million were realised and this is mainly due to the billing for water being below what we anticipated.
- *Flagship 3 (Tenant services)* - Other project related costs were ahead of the budget by 64% (R5.7 m) mainly due to bad debts. These was as a result of the current economic conditions which adversely impacted on some of our tenants
- *Enabler 1 (Salary and staff costs)* - expenditure was over expended by R1.2 million. This is mainly attributed to precautionary suspension of staff members whilst disciplinary processes are under-way. Temporary staff were hired to ensure that operations continue as normal.
- *Enabler 2 (General expenditure)* - This was below budget due to cost containment measures as prescribed by National Treasury through MFMA Circular 82.

SECTION 3: SPENDING AGAINST CAPITAL BUDGET

JOSHCO was allocated a budget of R 493 403 000 funded from: COJ Loans, Urban Settlement Development Grant, and National Provincial Grant. As at June 2016 JOSHCO spent 100% of the capex budget against a target of 95% as illustrated in the table below:-

CORRIDOR OR NODE	PROJECT	BUDGET	EXPENDITURE	PERCENTAGE EXPENDITURE
Soweto to CBD along Empire and Perth Roads	Dobsonville Social Housing Project	80,861,000.00	80,860,477.84	100%
	Golden Highway Social Housing	65,262,000.00	65,261,285.19	100%
	Ikwezi Rental Housing	40,000.00	40,000.00	100%
	Jabulani	25,000.00	24,650.50	99%
	Lufhereng Social Housing	2,743,000.00	2,742,501.60	100%
	Nancefield Station	7,568,000.00	7,567,840.89	100%
	Pennyville New Canada TOD	3,242,000.00	3,241,020.06	100%
	SUB-TOTAL	159,741,000.00	159,737,776.07	100%
CBD to Alexandra along Luis Botha Avenue	Hoek Street	462,000.00	461,084.62	100%
	Inner-City Housing	152,638,000.00	152,413,412.77	100%
	Lombardy East	3,000,000.00	2,999,080.89	100%
	Nederburg Building	4,651,000.00	4,650,165.45	100%
	80 Plein Street	42,690,000.00	42,689,041.74	100%
	SUB-TOTAL	203,441,000.00	203,212,785.47	100%
Alexandra – Marlboro to Sandton – Randburg	Randburg Selkirk	9,205,000.00	9,003,997.46	98%
SUB-TOTAL		9,205,000.00	9,003,997.46	98%
Turffontein Node	Turffontein Social Housing	37,500,000.00	37,499,997.53	100%
SUB-TOTAL		37,500,000.00	37,499,997.53	100%
Mining Belt	Kliptown Housing Project	46,000.00	45,764.37	99%
	Princess Plots	3,411,000.00	3,410,291.71	100%
	Fleurhof Riverside Ridge	27,079,000.00	27,078,709.89	100%
	Roodepoort Phase 2	3,046,000.00	3,045,356.84	100%
	SUB-TOTAL	33,582,000.00	33,580,122.81	100%
STOCK CAPITALISATION	Antea	3,119,000.00	3,118,798.59	100%
	Bothlabela	10,373,000.00	10,372,951.43	100%
	Chelsea	3,310,000.00	3,309,523.29	100%
	City Deep	5,634,000.00	5,633,297.36	100%
	Kliptown Golf Course	19,207,000.00	19,206,794.41	100%
	Pennyville Rooms	8,291,000.00	8,290,726.84	100%
	SUB-TOTAL	49,934,000.00	49,932,091.92	100%
TOTAL		493,403,000.00	492,966,771.26	100%

The spending of JOSHCO's capex is 96% in the service delivery categories, 48% of budget was spent on construction, 41% in the Inner City which includes the purchasing of buildings and 7% was spent on upgrading existing projects.



SECTION 4: CASH FLOW STATEMENT

Cash and cash equivalents balance at the end of 30 June 2016 was R12.5m. These funds relates mainly to tenants deposits which are held in trust. The sweeping account held by the City of Johannesburg also had a positive balance of R150.9 million.

SECTION 5: STATEMENT OF CHANGES IN NET ASSETS

The entity's net assets increased by R3.7 million (28%) as a result of the net surplus from operations. The biggest contributor to our net surplus was the growth rental revenue by 24% due to an increase in the number of units under management during the financial year.

Section 6: Report in Irregular, Fruitless and Wasteful Expenditure and Legal Process

The entity did not incur any irregular, fruitless and wasteful expenditure during the financial year.



JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd
(Registration number 2003/008063/07)
Financial statements
for the year ended 30 June

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	JOSHCO is appointed as the preferred implementing agent for social and institutional housing developments in the City of Johannesburg and to: a) Manage Council owned rental stock; b) Manage and refurbish staff and public hostels; c) Develop new rental stock and to implement other mutually agreed housing developments; and d) Provide housing management services and turnaround strategies.
DIRECTORS	Ms. Zeona Jacobs (Chairperson) Ms. Mpolai Nkopane (Acting Chief Executive Officer) Rev. Molefi Olifant Mr. Joel Chauke Ms. Dereleen James Dr. Lesenyego Matlhape Ms. Buyiswa Majola Mr. Success Marota Ms. Nosicelo Twala (Appointed 15 March 2016) Prof. Bhekisipho Twala (Appointed 15 March 2016) Mr. Edgar Neluvhalani (Appointed 15 March 2016)
REGISTERED OFFICE	137 Sivewright Avenue New Doornfontein 2094
BUSINESS ADDRESS	1st Floor 137 Sivewright Avenue 2094
POSTAL ADDRESS	P O Box 16021 New Doornfontein 2028
BANKERS	Standard Bank of South Africa (011) 636 9111
AUDITORS	Auditor-General of South Africa (AGSA)
ACTING SECRETARY	Ms. Tshidi Molefe
COMPANY REGISTRATION NUMBER	2003/008063/07
PREPARER OF FINANCIAL STATEMENTS	These financial statements were internally prepared by the Management and Financial Accountants and reviewed by the CFO.
AUDIT OF FINANCIAL STATEMENTS	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 and the MFMA Act 56 of 2003.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

General Information

The reports and statements set out below comprise the annual financial statements presented to the City Council of the Johannesburg Metropolitan Municipality:

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JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Director's Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003) (MFMA) and the Companies Act (Act 71 of 2008) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the financial statements fairly present the state of affairs of the company and the results of its operations and cash flows for the period and conforms with South African Statements of Generally Recognized Accounting Practice (GRAP). The AGSA is required to express an independent opinion on the financial statements and is given unrestricted access to all financial records and related data.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored in the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined policies and procedures.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the company's cash flow forecast for the year ending 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operation for the foreseeable future.

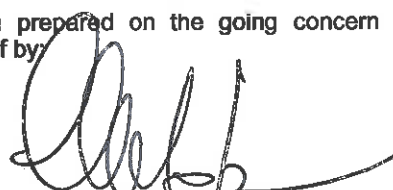
The entity is dependent on the City of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the company is a going concern and that the City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the company.

Although the directors are primarily responsible for the financial affairs of the company, they are also supported by the company's internal auditors and by management.

The financial statements set out on pages 13 to 46, which have been prepared on the going concern basis, were approved by the directors on 30 August 2016 and were signed on their behalf by



Ms. Zeona Jacobs
Chairperson



Ms. Mpolai Nkopane
Acting Chief Executive Officer

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Directors' Report

The directors submit their report for the financial year ended 30 June 2016.

1. INCORPORATION

The company was incorporated on 2 April 2003 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

JOSHCO is appointed as the preferred implementing agent for social and institutional housing developments in the City of Johannesburg Metropolitan Municipality and to:

- manage council owned rental stock;
- manage and refurbish staff and public hostels;
- develop new rental stock and to implement other mutually agreed housing developments; and
- provide housing management services and turnaround strategies.

We draw attention to the fact that the substance of the Service Delivery Agreement between JOSHCO and the City of Johannesburg Metropolitan Municipality is that of an operating lease. The agreement is currently being amended to include the leasing agreement of the rental stock.

The company operates in South Africa. During the year ended 30 June 2016 there were no major changes in the activities of the business. The financial position of the company shows a net asset position of R17 080 293 (2015: R13 747 479). Net surplus of the entity was R 3 732 818 (2015: surplus R 1 588 392), after taxation of R935 830 (2015: R0).

3. GOING-CONCERN

The existence of the company is partially dependent on the continued support of its parent, The City of Johannesburg Metropolitan Municipality, by way of management fees/subsidies paid each year in terms of a service delivery agreement entered into between the company and the City of Johannesburg Metropolitan Municipality.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going-concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

We draw attention to the fact that at 30 June 2016, the company had an accumulated surplus of R17 080 173 (2015: R13 747 359), and that the company's current assets exceed its current liabilities by R19 309 810 (2015: R69 279 070).

4. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, to date of this report, not otherwise dealt with in the financial statements, which significantly affect the financial position of the company or the results of its operations that would require adjustments to or disclosure in the financial statements.

5. DIRECTORS' PERSONAL FINANCIAL INTEREST

For the financial year under review, there have been no related party transactions that JOSHCO engaged which involved transactions with Directors of the organization. Such declarations are also made by individual directors in the official records of JOSHCO.

6. ACCOUNTING POLICIES

The annual financial statements were prepared in accordance with Statements of Generally Recognised Accounting Practice (GRAP) as the prescribed framework by National Treasury, including any interpretations of Statements issued by the Accounting Practices Board and International Financial Reporting Standards (IFRS).

7. SHARE CAPITAL

There were no changes in the authorised or issued share capital of the company during the year under review.

8. BORROWING LIMITATIONS

The directors may authorize borrowings by the company subject to approval by the City of Johannesburg Metropolitan Municipality.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Financial Statements for the year ended 30 June 2016

Directors' Report

9. CHANGES TO ASSETS AND LIABILITIES

There were no significant changes to non-current assets and non-current liabilities.

10. DIRECTORS

As per resolution at the AGM on the 15th March 2016, the sole shareholder, the City of Johannesburg Metropolitan Municipality, resolved that the directors would be represented as follows

Names of Board Members	Membership	Effective Date
Ms. Zeona Jacobs (Chairperson)	Non-Executive	Reappointed
Mr. Success Marota	Executive	No Change
Dr. Lesenyego Matlhape	Non-Executive	Reappointed
Ms. Dereleen James	Non-Executive	Reappointed
Mr. Joel Chauke	Non-Executive	Reappointed
Ms. Buyiswa Majola	Non-Executive	Reappointed
Rev. Molefi Olifant	Non-Executive	Reappointed
Mr. Edgar Neluvhalani	Non-Executive	Appointed 15 March 2016
Ms. Nosicelo Twala	Non-Executive	Appointed 15 March 2016
Prof. Bhekisipho Twala	Non-Executive	Appointed 15 March 2016

The following directors were retired/resigned in terms of the abovementioned resolution on the 15th March 2016:

Names of Board Members	Membership	Effective Date
Dr. Didibhuku Thwala	Non-Executive	Retired 15 March 2016
Ms. Glenda Sengoara	Non-Executive	Retired 15 March 2016
Ms. Thembi Sethaelo	Non-Executive	Retired 15 March 2016
Mr. Rory Gallocher	Executive	Resigned 31 January 2016

The following director was appointed in an acting capacity in terms of a board resolution taken on the 23rd February 2016:

Names of Board Members	Membership	Effective Date
Ms. Mpolai Nkopane	Executive	01 February 2016

11. ACTING COMPANY SECRETARY

The acting company secretary is Ms. Tshidi Molefe. The former company secretary Ms. Celiwe Nkosi resigned during the financial year.

12. CORPORATE GOVERNANCE

General

The Board of Directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Directors support the highest standards of corporate governance and the on-going development of best practice.

The Johannesburg Social Housing Company SOC Ltd confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa. The directors confer the responsibilities of management in this respect, at Board meetings and monitor the company's compliance with the code on a quarterly basis.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Directors' Report

Board of directors

The Board:

- retains full control over the company, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication by the company, both internally and externally;
- is of a unitary structure comprising:
 - 9 non-executive directors, all of whom are independent directors as defined in the Code; and
 - 2 executive directors, who are the Chief Executive Officer and Chief Financial Officer.

Chairperson and chief executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The upper limits of the remuneration of the Chief Executive Officer and all executive managers of the company are determined by the parent municipality. The Board determines the remuneration within the above mentioned limits.

Board and Board Sub-Committee meetings

The board of directors has met on 8 separate occasions during the financial year. Of these meetings, 4 meetings were ordinary and 4 being special meetings to discuss urgent business, such as approval of financial statements. The directors are scheduled to attend 4 ordinary meetings per annum, being one meeting per quarter.

Non-executive directors have access to all members of management of the company. Attendance at board and sub-committee meetings were as follows:

Director	Board			Corporate Support			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	8			5			4			4		
1. Ms. Zeona Jacobs	7	-	1	-	-	-	-	-	-	1	-	-
2. Dr. Lesenyego Mathape	7	-	1	5	-	-	-	-	-	-	-	-
3. Dr. Didibhuku Thwala **	7	-	-	-	-	-	3	-	-	-	-	-
4. Ms. Glenda Sengoara **	7	-	-	-	-	-	2	-	1	-	-	-
5. Ms. Buyiswa Majola	8	-	-	5	-	-	-	-	-	4	-	-
6. Rev. Molefi Olifant	8	-	-	5	-	-	-	-	-	-	-	-
7. Mr. Joel Chauke	7	-	1	-	-	-	4	-	-	-	-	-
8. Ms. Dereleen James	6	-	2	-	-	-	-	-	-	4	-	-
9. Ms. Thembi Sethaele **	7	-	-	-	-	-	3	-	-	-	-	-
10. Mr. Rory Gallocher ***	4	-	-	3	-	-	2	-	-	1	-	-
11. Mr. Success Marota	8	-	-	5	-	-	4	-	-	3	-	1
12. Ms. Nosiselo Twala *	1	-	1	-	-	-	-	-	-	-	-	-
13. Mr. Edgar Neluvhalani *	2	-	-	-	-	-	1	-	-	-	-	-
14. Prof. Bhekisipho Twala *	2	-	-	-	-	-	1	-	-	-	-	-
15. Ms. Mpola Nkopane ****	2	-	-	2	-	-	3	-	1	3	-	-

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Financial Statements for the year ended 30 June 2016

Directors' Report

* Member appointed in March 2016.

** Member retired in March 2016.

*** Resigned in January 2016.

**** Member appointed in an acting capacity in February 2016.

Following the resolution at the Annual General Meeting (AGM) on the 15th March 2016, a Board meeting was held on 20th April 2016 where the committees were reconstituted.

Audit Committee

For the year ended 30 June 2016 the Chairperson of the Audit Committee was Mr. Haroun Moola who is an independent audit committee member. The committee met 6 times during the year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the City of Johannesburg Metropolitan Municipality, as a parent municipality, must appoint members of the Audit Committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the municipal entities' Audit Committees, National Treasury policy requires that parent municipalities should appoint further members of the company's audit committees who are not directors of the municipal company onto the audit committee. The City of Johannesburg, as a parent municipality, was satisfied that the Audit Committee of the company is properly constituted to fulfil its role and to advise the Board of its responsibilities as provided in Section 166 of the Municipal Finance Management Act.

Risk Management Committee

The Risk Management Committee has had 4 meetings during the financial year. Mr. Robert Hill, an independent Audit Committee Member, is the Chairperson of the sub-committee which is made up of the Executive Directors and all Senior Managers of the company.

Corporate Support Committee

There has been a total of 5 Committee meetings convened during the financial year. The committee currently consist of the following members:

Dr. Lesenyego Matlhape (Chairperson)
Rev. Molefi Olifant
Ms. Dereleen James

Non-Executive Director
Non-Executive Director
Non-Executive Director

The following member was rotated during the financial year:

Ms. Buyi Majola

Non-Executive Director

Development Committee

There has been a total of 4 Committee meetings during the financial year. The Committee currently consists of the following members:

Prof. Bhekisipho Twala (Chairperson)
Mr. Joel Chauke
Ms. Nosicelo Twala

Non-Executive Director
Non-Executive Director
Non-Executive Director

The following members were retired during the financial year:

Ms. Glenda Sengoara
Dr. Didibhuku Thwala

Non-Executive Director
Non-Executive Director

Social and Ethics Committee

There has been a total of 4 Committee meetings during the financial year. The Committee currently consists of the following members:

Rev. Molefi Olifant (Chairperson)
Ms. Buyiswa Majola
Mr. Edgar Neluvhalani

Non-Executive Director
Non-Executive Director
Non-Executive Director

The following member was rotated during the financial year:

Ms. Dereleen James

Non-Executive Director

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Directors' Report

Internal audit

The company has outsourced its internal audit function to Business Innovation Group (Pty) Ltd. The appointment of an internal auditor is in compliance with the Municipal Finance Management Act, 2003.

13. ECONOMIC ENTITY

The company's parent municipality is The City of Johannesburg Metropolitan Municipality incorporated in South Africa, in terms of the Municipal Systems Act.

14. INTEREST IN JOINTLY CONTROLLED ENTITIES

Name of Jointly controlled entity

JOSHCO Madulamoho Joint Venture (JMJV)

Net Loss

(R58 379)

The main transactions between JOSHCO and the JMJV were accounts receivable in respect of provincial subsidies payable by the JMJV to JOSHCO. JOSHCO has also accounted for its 55% share of the loss from the joint venture in its consolidated financial statements amounting to -R58 379 (2014: -R79 989).

15. SPECIAL RESOLUTIONS

The company did not pass any special resolutions during the current year.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2016.

Audit committee members and attendance

The audit committee consist of the members listed hereunder and they have met 6 times during the year.

Names of Audit Committee Members	Audit Committee		
	Attendance	Absent	Apologies
Number of Meetings	6		
1. Mr. Haroun Moolla	6	-	-
2. Mr. Robert Hill	6	-	-
3. Ms. Mpho Mosweu #	5	-	-
4. Ms Thembi Sethaelo #	5	-	-
5. Ms. Lulama Zabala*	1	-	-
6. Mr. Edgar Neluvhalani*	0	-	-

Member retired in March 2016.

* Member appointed in March 2016.

Audit Committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of section 166(2) (a) of the MFMA. We further report that we have conducted our affairs in compliance with this charter.

The effectiveness of internal control and risk management

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent in line with the MFMA and the King III Report on Corporate Governance. Internal audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General of South Africa (AGSA), it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted were in terms of the MFMA and the Division of Revenue Act.

We are satisfied with the content and quality of quarterly internal audit reports prepared and issued by the Internal Auditors of the entity during the year under review.

Evaluation of financial statements

We have:

- reviewed and discussed the financial statements to be included in the annual report, with the AGSA and management.
- reviewed the AGSA's management report and management's response thereto*;
- reviewed the applicable accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.*

* To be determined subsequent to the audit by the AGSA.

We concur with and accept the AGSA's report on the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

We are satisfied that the outsourced internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Audit Committee Report

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no material unresolved issues. We are satisfied that the auditor is independent of the company.



Mr. Haroun Moolla
Chairperson

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2) (e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



Ms. Tshidi Molefe

Acting Company Secretary

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Inventories	2	223 528	173 112
Loans to parent municipality	3	150 894 333	71 095 227
Current tax receivable	33	335 273	735 726
Receivables from exchange transactions	5	242 496 392	247 207 961
VAT receivable	16	2 803 778	1 278 373
Cash and cash equivalents	6	12 472 029	51 895 726
		409 225 333	372 386 125
Non-Current Assets			
Property, plant and equipment	7	4 441 829	3 654 048
Intangible assets	8	378 743	263 053
Investment in joint venture	9	24 192 489	24 800 869
Deferred tax	11	7 954 307	6 548 995
		36 967 368	35 266 965
Total Assets		446 192 701	407 653 090
Liabilities			
Current Liabilities			
Borrowings - DBSA	12	741 662	678 781
Finance lease obligation	13	387 514	353 403
Operating lease liability	4	73 985	21 154
Payables from exchange transactions	14	385 921 358	299 631 747
Deferred income from non-exchange transactions	17	913 993	913 993
Provisions	15	1 877 011	1 507 971
		389 915 523	303 107 049
Non-Current Liabilities			
Borrowings - DBSA	12	15 910 991	16 652 653
Finance lease obligation	13	214 907	602 422
Deferred income from non-exchange transactions	17	23 070 987	73 943 487
		39 196 885	91 198 562
Total Liabilities		429 112 408	394 305 611
Net Assets		17 080 293	13 347 479
Net Assets			
Share capital	19	120	120
Accumulated surplus		17 080 173	13 347 359
Total Net Assets		17 080 293	13 347 479

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Rendering of services (Exchange transaction)	20	8 620 252	5 609 886
Rental facilities (Exchange transaction)	20	102 355 268	82 319 452
Utility Recoveries (Exchange transaction)	20	681 704	560 056
Other income (Exchange transaction)	20	1 719 577	281 730
Bad debts recovered (Exchange transaction)	20	12 390	-
Fair value adjustments		-	(45 666)
Interest received (Exchange transaction)	27	5 800 274	3 803 733
Dividends received (Exchange transaction)	27	550 000	550 000
Government grants & subsidies	20	19 952 000	19 970 000
Capital grants realised	20	913 993	913 993
Total revenue		140 605 458	113 963 184
Expenditure			
Governance & employee costs	22	(36 709 974)	(33 132 308)
Other housing management costs	25	(14 552 087)	(14 665 302)
Depreciation and amortization	28	(1 062 316)	(900 012)
Finance costs	29	(1 448 662)	(1 339 482)
Repairs and maintenance	26	(50 056 522)	(36 280 609)
Contracted services	31	(1 375 867)	(1 024 955)
General Expenses	21	(30 123 003)	(24 477 571)
Total expenditure		(135 328 431)	(111 820 239)
Operating surplus		5 277 027	2 142 945
Gain on disposal of assets and liabilities		-	75 436
Fair value adjustments		(550 000)	(550 000)
Profit / (Loss) from investment in JV	9	(58 379)	(79 989)
		(608 379)	(554 553)
Surplus before taxation		4 668 648	1 588 392
Taxation	30	935 830	-
Surplus for the year		3 732 818	1 588 392

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Share capital	Accumulated surplus	Total Net Assets
Restated balance at 01 July 2013		120 10 891 652	10 891 772	
Surplus for the year		- 1 267 315	1 267 315	
Balance at 01 July 2014		120 12 158 967	12 159 087	
Prior period error	42	(400 000)	(400 000)	
Surplus for the year		- 1 588 392	1 588 392	
Balance at 01 July 2015		120 13 347 359	13 347 479	
Changes in net assets				
Surplus for the year		- 3 732 818	3 732 818	
Balance at 30 June 2016		120 17 080 173	17 080 293	

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Cash Flow Statement

Figures in Rand

	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Sale of goods and services		106 739 689	99 556 715
Grants		19 952 000	19 970 000
Interest income		5 800 274	3 803 733
Dividends received		550 000	550 000
Other income		10 339 829	5 891 617
		<u>143 381 792</u>	<u>129 772 065</u>
Payments			
Employee costs		(36 638 395)	(33 409 824)
Suppliers		(58 052 235)	(78 818 449)
Finance costs		(1 448 662)	(1 339 482)
Taxed paid	33	(1 940 689)	(1 616 664)
		<u>(98 079 981)</u>	<u>(115 184 419)</u>
Net cash flows from operating activities	32	<u>45 301 811</u>	<u>14 587 646</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(1 800 588)	(1 926 330)
Purchase of other intangible assets	8	(165 195)	(62 171)
Proceeds from assets disposed		-	96 000
Net cash flows from investing activities		<u>(1 965 783)</u>	<u>(1 892 502)</u>
Cash flows from financing activities			
Repayment of borrowings - DBSA		(678 781)	(628 207)
Repayment of shareholder's loan		(79 909 121)	(22 348 673)
Finance lease payments		(427 083)	(265 190)
Deferred Income		(1 744 740)	1 132 456
Net cash flows from financing activities		<u>(82 759 725)</u>	<u>(22 109 614)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(39 423 697)</u>	<u>(9 414 470)</u>
Cash and cash equivalents at the beginning of the year		51 895 726	61 310 196
Cash and cash equivalents at the end of the year	6	<u>12 472 029</u>	<u>51 895 726</u>

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	10 492 000	(3 335 000)	7 157 000	8 620 252	1 463 252	
Rental facilities and equipment	104 615 000	(2 622 000)	101 993 000	102 355 268	362 268	
Recoveries	-	560 000	560 000	681 704	121 704	
Other income	1 215 000	-	1 215 000	1 719 577	504 577	
Bad debts recovered	-	-	-	12 390	12 390	
Interest received - investment	1 367 000	2 149 000	3 516 000	5 800 274	2 284 274	
Dividends received	-	-	-	550 000	550 000	
Total revenue from exchange transactions	117 689 000	(3 248 000)	114 441 000	119 739 465	5 298 465	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	19 952 000	-	19 952 000	19 952 000	-	
Capital grants realised	-	-	-	913 993	913 993	
Total revenue from non-exchange transactions	19 952 000	-	19 952 000	20 865 993	913 993	
Total revenue	137,641,000	(3 248 000)	134 393 000	140 605 458	6 212 458	Note 41
Expenditure						
Governance and staff costs	(35 559 000)	-	(35 559 000)	(36 709 974)	(1 150 974)	
Other project costs	(8 879 000)	-	(8 879 000)	(14 552 087)	(5 673 087)	
Depreciation and amortization	(1 063 000)	-	(1 063 000)	(1 062 316)	684	
Finance costs	(1 689 000)	-	(1 689 000)	(1 448 662)	240 338	
Repairs and maintenance	(49 685 000)	-	(49 685 000)	(50 056 522)	(317 522)	
Contracted Services	(3 437 000)	925 000	(2 512 000)	(1 375 867)	1 136 133	
General Expenses	(35 829 000)	2 883 000	(32 946 000)	(30 123 003)	2 822 997	
Total expenditure	(136 141 000)	3 808 000	(132 333 000)	(135 328 430)	(2 995 430)	
Operating surplus	1 500 000	560 000	2 060 000	5 277 028	3 217 028	
Fair value adjustments	-	-	-	(550 000)	(550 000)	
Share of surpluses or deficits from associates or joint ventures accounted for using the equity method	-	-	-	(58 379)	(58 379)	
	-	-	-	(608 379)	(608 379)	
Surplus before taxation	1 500 000	560 000	2 060 000	4 668 649	2 608 649	
Taxation	1 500 000	560 000	2 060 000	935 830	(1 124 170)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	3 732 819	3 732 819	

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

(Registration number 2003/008063/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standard Board (ASB). In the absence of effective Standard of GRAP, Directive 5 dated March 2009 from the ASB provides the continued application of International Financial Reporting Standards (IFRS). The recognition and measurements principles in the GRAP and IFRS statements do not differ as a result in material differences in items presented and disclosed in the financial statements. The annual financial statements are prepared on the historical cost basis except where otherwise stated and accounting policies applied are consistent with the application in previous years except where otherwise stated

Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date:

These accounting standards have been considered (where applicable) in the formulation of the accounting policies:

GRAP 32 Service Concession Arrangement: Grantor (Not applicable to JOSHCO)

GRAP 108 Statutory Receivables (Not applicable to JOSHCO)

IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant residual interest in an Asset (Not applicable to JOSHCO)

GRAP 20 Related Party Disclosures

1.1 Going concern assumption

These financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Consolidation

Interests In joint ventures

The Joint venture relates to the BG Alexandra property of which the shareholding is as follows:

- JOSHCO SOC Ltd	55%
- Madulamoho (Pty) Ltd	45%
Total	<u>100%</u>

Madulamoho (Pty) Ltd have a 35-year lease over the property BG Alexandra from Gauteng Provincial Housing Department and which commenced in September 2006. JOSHCO through its shareholders, has obtained capital funding to renovate the property and to which the leasehold improvement must be depreciated over the remaining period of the lease.

An interest in a jointly controlled company is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with Standard of GRAP on non-current asset held-for-sale and discontinued operations. Under the equity method, interest in jointly controlled entities are carried in the consolidated statement of financial position at a cost adjusted for post-acquisition changes in the company's share net assets of the company, less any impairment losses. surpluses and deficits on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein.

1.3 Significant accounting judgements and key sources of estimation

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.4 Property, plant and equipment

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite life. Property, plant and equipment (excluding land) is stated at historical cost less accumulated depreciation and any impairment losses. The company tests for impairment where there is an indication that the assets may be impaired.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the assets expected useful life to their estimated residual value. Depreciation commences from the date when the assets are ready for their use and ceases when then the asset is derecognised or when the asset has reached the end of its useful life.

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The following factors were considered to determine the useful life of the assets:

- Expected usage of the asset;
- Expected physical wear and tear of the asset;
- Technical obsolescence; and
- Legal or other limits on the use of the asset

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised). Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

The residual value and the useful life of each asset are reviewed at each reporting date. The useful life of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Leasehold property	Lower of the Lease Period or useful life (3 - 5 Years)
Furniture and fixtures	5 - 8 Years
Motor vehicles	5 - 8 Years
Office equipment	5 - 8 Years
IT equipment	5 - 8 Years
Leasehold improvements	Lower of the Lease Period or Useful life 3 Years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectation s differs from the previous estimates, the change is accounted for as a change in accounting estimate.

The useful life of technological assets such as computers are set at R1 as these items are expected to have negligible sales value at the end of its useful life.

The residual value of all other assets with a cost less that R5 000 are estimated at 10% of the cost as this is appropriately the maximum amount expected to be at the end of its useful life.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Accounting Policies

1.5 Intangible assets

All other items above R5 000 are determined by considering the second hand values of similar items which are already at the age the asset is expected to be at the end of its useful life.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

An intangible asset is an identifiable, non-monetary asset without physical substance.

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability;
- arises from the contractual rights or other legal rights, regardless whether those rights are transferable or separate from JOSHCO or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortization and any impairment losses. Amortization commences when the intangible assets are ready for their intended use.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortization is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortization is provided on a straight line basis over their useful life.

The amortization period and the amortization method for intangible assets are reviewed at each reporting date.

Amortization is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 - 8 Years
Other intangible assets	3 - 7 Years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Government grants (including capital grants) are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

A government grant that becomes receivable as compensation for expenses or deficit already incurred or for the purpose of giving immediate financial support to the company with no future relates costs is recognised as income of the period in which it becomes receivable.

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Financial instruments

Capital grants are recorded as deferred income when they become receivable and are recognised as income on a systematic basis over the periods necessary to match grant with the related costs, which they are intended to compensate. Capital grants on infrastructure property, plant and equipment are credited on a straight-line basis to the Statement of Financial Performance based on the estimated useful life of the relevant infrastructure property, plant and equipment.

Financial assets and financial liabilities are recognised on JOSHCO's balance sheet when the organization becomes a party to the contractual provisions of the instrument.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting. Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition the instruments are measured as set out below:

Financial assets

JOSHCO's principle financial assets are Loans to group companies, accounts and other receivables, and cash and cash equivalents.

At each end of the reporting period the company assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Loans to / (from) group companies

These include loans to parent municipality, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortized cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Accounts and Other receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the allowance is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against operating expenses in surplus or deficit.

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Accounting Policies

1.7 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Financial liabilities

JOSHCO's principle financial liabilities are Loans from group companies, accounts and other payables and interest bearing borrowings & overdraft.

All financial liabilities are measured at amortized cost, comprising original debts less principle payments and amortizations, except for financial liabilities held for trading and derivative liabilities, which are subsequently measured at fair value.

Loans to / (from) group companies

as noted in the financial assets above.

Accounts and other payables

Accounts and other payables are initially measured at fair value and are subsequently measured at amortized cost, using the effective interest rates method.

Interest bearing borrowings and overdraft

Interest bearing borrowings and overdraft are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Gains and losses

Gains and losses arising from a change in the fair value of the financial instrument, other than available-for-sale financial asset, are included in net profit or loss in the period in which it arises. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognized in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

De-recognition

A financial asset as a portion thereof is derecognised when the organization realizes the contractual rights to the benefits specified in the contract, the rights expire, the organisation surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net profit or loss for the period.

A financial liability as a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition the difference between the carrying amount of the financial liability, including related unamortized costs, and the amount paid for it is included in net profit or loss for the period.

The fair values at which the financial instruments are carried at the balance sheet date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the organisation could realize in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short term trading cycle of these assets.

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to offset exists.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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Accounting Policies

1.8 Tax (continued)

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the South African Revenue Services (SARS), using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit / (tax loss).

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting surplus nor taxable surplus / (tax deficit).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venture is able to control the timing of the reversal of the temporary difference;
- and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting surplus nor taxable surplus / (tax deficit)

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable surplus will be available against which the temporary difference can be utilized.

A deferred tax asset is recognised for the carry forward of unused tax deficit to the extent that it is probable that future taxable surplus will be available against which the unused tax deficit can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets;
- or a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes land and buildings elements, the entity assesses the classification of each element separately.

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1.9 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments plus any initial direct costs incurred. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease income is recognised as an income on a month to month basis.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, and then their costs are their value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realizable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:
distribution at no charge or for a nominal charge; or
consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realizable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value or current replacement cost, are recognised as a reduction in the number of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

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Accounting Policies

1.12 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

1.13 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The company's retirement benefit plan is managed by the parent municipality.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.15 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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Accounting Policies

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Rental income is accrued on a time proportionate basis over the period of the lease agreement. Rental paid in advance is recognised as a liability in the statement of financial position.

Management fees paid by the City of Johannesburg Metropolitan Municipality to the company to manage the properties owned by the City of Johannesburg Metropolitan Municipality are recognised once the annual budget of the City of Johannesburg Metropolitan Municipality has been approved.

Project implementation fees, which are paid by the City of Johannesburg Metropolitan Municipality to the company and other contractors to manage the construction of new housing projects, are recognised at various stages of project implementation. The fee is determined on the construction cost of the project that will be developed or partly developed in the financial year until the construction of the project is complete.

Provincial Government subsidies for projects undertaken by the Company are recognised when the Company incurs the cost of the project that is subsidized.

Interest income is accrued on a time basis, by reference to the principal outstanding, and at the effective interest rate applicable.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest and dividends

Revenue arising from the use by others of company assets yielding interest and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the company; and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.18 Cash flow statement

The cash flow statement is prepared based on the direct method.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. It is inappropriate to capitalise borrowing costs when, and only when, there is a clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22 Unauthorised expenditure

Unauthorised expenditure means:
overspending of a vote or a main division within a vote; and
expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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Accounting Policies

1.24 Irregular expenditure

Irregular expenditure In terms of MFMA refers to expenditure incurred by JOSHCO in contravention of, or that is not in accordance with, a requirement of the MFMA, the Municipal Systems Act, the Public Office Bearers Act, and Supply Chain Management policy of JOSHCO or any of the municipality's by-laws and which has not been condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalization of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.25 Budget information

The budget is approved by the sole shareholder, the City of Johannesburg Metropolitan Municipality, on the accrual basis by functional classification. The operational budget is prepared using the zero-based budget methodology and applies to the period relevant to the Medium Term Expenditure Framework. The approved budget covers the fiscal periods 1 July 2014 to 30 June 2017.

JOSHCO presents a separate budget statement for public accountability. In the event of variances i.e. where actuals exceed the budgets by more than 1% of total revenue, reasons for such variances are noted on the budget statement.

1.26 Related parties

Transactions that are disclosed has related party transactions where JOSHCO has in the normal course of its operation, entered into transactions with entities related to COJ.

1.27 Presentation of currency

These annual financial statements are presented in South African Rand.

1.28 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

1.29 Value Added Tax (VAT)

JOSHCO accounts for VAT on a payment basis in accordance with Section 15(2) of the VAT Act (Act 89 of 1991).

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Notes to the Financial Statements

Figures in Rand	2016	2015
2. INVENTORIES		
Consumable stores	223 528	173 112
There was no inventory written down in both the current and prior years.		
3. LOANS TO / (FROM) PARENT MUNICIPALITY		
Sweeping account - Interest bearing	144 936 164	65 027 043
Interest on 'Non-Sweeping' Bank Accounts	5 958 169	6 068 184
	150 894 333	71 095 227
The company did not default on any of the loans.		
None of the terms attached to the intercompany creditors were re-negotiated.		
City of Johannesburg Metropolitan Municipality - Non-Interest bearing		
CAPEX loans		
CAPEX amount still outstanding from The City of Johannesburg Metropolitan Municipality.		
Sweeping account		
Loans at beginning of the year	65 027,043	33 109 684
Advances	79 909 121	31 917 359
	144 936 164	65 027 043
The City of Johannesburg has an arrangement with all its municipal owned entities (MOE's), that the bank accounts will be swept over night to the primary bank account of the City of Johannesburg, and the required amounts by the MOE's will be swept back to their accounts when requested. The account bears interest at the repo rate, compounded daily.		
Interest on the sweeping account is linked to the bank prime rate.		
4. OPERATING LEASE ASSET / (ACCRUAL)		
Operating lease liability represent rental payable by the company in respect of offices as a result of straight lining of lease payments over the lease term. The lease payments are payable monthly and lease payments are straight-lined over a period of 2 years. The operating lease agreement was renegotiated for another 2 years commencing 01 November 2015, with unit size increasing from 1 682sqm to 2 300sqm consequently increasing the base rent. There was no contingent rent on the operating lease. There are no restrictions imposed by the lease arrangement.		
Current Liabilities	73 985	21 154
5. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade debtors	7 459 979	6 173 364
Security deposits	118 091	118 091
Sundry debtors	31 109 712	31 072 868
Project debtors	34 377 724	34 377 724
Petty cash advance	-	650
Related party debtors - rentals	169 430 886	175 465 264
	242 496 392	247 207 961

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Figures in Rand	2016	2015
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5. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

Trade Debtors

Trade debtors consist of the tenant rentals/levies receivable net of provision. These amounts are receivable as a result of binding lease agreements between JOSHCO and the tenants.

Security deposits

These deposits are held by the lessor of the operating leases for the rental JOSHCO Head Office.

Sundry Debtors

Sundry debtors consist of operating grants and VAT receivable in prior accounting periods.

Project debtors

Project debtors consist of the monies owed by provincial government.

Petty Cash Advanced

Petty cash advanced consist of amounts that have been advanced to staff from petty cash and the receipts where not yet submitted.

Related party debtors

Related party debtors also consist of tenant rentals/levies receivable and for which lease agreements are in place. These debts are however receivable from other Municipal Owned Entities in which the lessee is employed.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 2 months past due are not considered to be impaired. At 30 June 2016, R7 459 979 (2015: R6 219 269) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	4 219 429	2 804 647
2 months' past due	2 905 867	2 294 844

Trade and other receivables impaired

As of 30 June 2016, trade and other receivables of R31 496 831 (2015: R24 748 300) were impaired.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	24 748 300	36 404 132
Provision for impairment - Current year	12 031 237	12 627 055
Write offs of trade debtors amounts previously provided for	(5 282 706)	(24 282 887)
	31 496 831	24 748 300

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	2 190	2 276
Bank balances	12 469 839	51 893 450
	12 472 029	51 895 726

The company's bank account is "swept" on a daily basis by the City of Johannesburg Metropolitan Municipality in order to facilitate efficient cash-flow management. Petty cash is reflected as being on hand. No cash and cash equivalents (or portions thereof) were pledged as security for any financial liabilities.

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6. CASH AND CASH EQUIVALENTS (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The maximum exposure to credit risk is the carrying amount of the cash and cash equivalents as at the reporting date.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA BANK - Cheque - 407-197-2149	-	-	1 189	-	-	1 189
ABSA BANK - Cheque - 407-466-9030	-	-	1 175	-	-	1 175
STANDARD BANK - Cheque - 197734-COJ CAPEX	-	36 267 973	32 961 376	-	36 267 973	32 961 376
STANDARD BANK - 197742-COJ JOSHCO	-	1 886 336	8 151 305	-	1 886 336	8 151 305
STANDARD BANK - 197750-COJ DEP ACCOUNT	12 473 379	12 473 499	12 473 498	1 247 379	12 473 499	12 473 498
STANDARD BANK - 197769-COJ JOSHCO FLEURHOF	-	1 269 338	7 518 286	-	1 269 338	7 518 286
STANDARD BANK - 197718-COJ JOSHCO CHARGES	(3 540)	(3 696)	(2 600)	(3 540)	(3 696)	(2 600)
STANDARD BANK - 197726-COJ JOSHCO Main	-	-	205 268	-	-	205 268
Total	12 469 839	51 893 450	61 309 497	1 243 839	51 893 450	61 309 497

7. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment losses	Carrying value
Land	177 799	-	177 799	177 799	-	177 799
Leasehold property	1 648 639	(1 016 330)	632 309	1 648 639	(592 830)	1 055 809
Furniture and fixtures	1 785 045	(1 100 457)	684 588	1 577 179	(960 139)	617 040
Motor vehicles	350 643	(153 764)	196 879	192 222	(95 364)	96 858
Office equipment	1 139 162	(760 956)	378 206	1 015 891	(638 825)	377 066
IT equipment	3 081 546	(1 351 316)	1 730 230	2 497 633	(1 300 471)	1 197 162
Leasehold improvements	2 833 726	(2 191 908)	641 818	2 548 855	(2 416 541)	132 314
Total	11 016 560	(6 574 731)	4 441 829	9 489 569	(5 835 521)	3 654 048

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PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Land	177 799	-	-	177 799
Leasehold property	1 055 809	-	(423 500)	632 309
Furniture and fixtures	617 040	207 865	(140 317)	684 588
Motor vehicles	96 858	158 421	(58 400)	196 879
Office equipment	377 066	107 880	(106 740)	378 206
IT equipment	1 197 162	699 426	(166 358)	1 730 230
Leasehold improvements	132 314	626 997	(117 493)	641 818
	3 654 048	1 800 589	(1 012 808)	4 441 829

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	177 799	-	-	-	177 799
Leasehold property	65 758	1 106 099	-	(116 048)	1 055 809
Furniture and fixtures	473 021	276 864	-	(132 845)	617 040
Motor vehicles	177 809	-	(20 566)	(60 385)	96 858
Office equipment	378 592	79 979	-	(81 505)	377 066
IT equipment	974 083	442 438	(43 054)	(176 305)	1 197 162
Leasehold improvements	379 604	20 950	-	(268 240)	132 314
	2 626 666	1 926 330	(63 620)	(835 328)	3 654 048

The following leased assets are included in Property, Plant and Equipment listed above

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Leasehold Improvement	3 175 850	(2 534 034)	641 816	2 548 854	(2 416 541)	132 313
Leasehold property	1 648 640	(1 016 331)	632 309	1 648 640	(592 831)	1 055 809
Total	4 824 490	(3 550 365)	1 274 125	4 197 494	(3 009 372)	1 188 122

Details of property

Development Land (ERF 2083 Roodepoort Township)

Terms and conditions: Land purchased for development

- Purchase price: 23 July 2009

177 799

177 799

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

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8. INTANGIBLE ASSETS

	2016			2015		
	Cost / Valuation	Accumulated amortization and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortization and accumulated impairment	Carrying value
Computer software	1 150 144	(771 401)	378 743	984 949	(721 896)	263 053

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortization	Total
Computer software	263 053	165 195	(49 505)	378 743

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortization	Total
Computer software	265 564	62 171	(64 682)	263 053

9. INVESTMENT IN JOINT VENTURE

Name of company	Listed / Unlisted	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
JOSHCO JV		55%	55%	24 192 489	24 800 869

The carrying amount of the joint venture has shown net loss of -R58 379 (2015: -R79 989)

Principal activities and reporting dates of joint venture

Name of entity	Principal activity	Reporting date	Period of Results included
JOSHCO Madulamoho Joint Venture (JMJV)	55%	30/06/2016	1 July 2015 to 30 June 2016

The JMJV is an investment between JOSHCO and Madulamoho for social rental housing. The separate annual financial statements of the joint venture are available at the registered office of the entity. There are no contingent liabilities, contingent assets or commitments relating to the joint venture.

The joint venture's ability to distribute reserves is not restricted in terms of the joint venture agreement.

The JMJV has not been pledged as security.

Reconciliation of Investment in Joint Venture

Net asset value as at 30 June 2016	24 192 489	24 800 869
Net asset value as at 1 July 2015	(24 800 869)	(25 430 858)
	(608 380)	(629 989)
Loss from investment in JV	58 379	79 989
Fair value adjustment	(550 000)	(550 000)

10. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below. The amount reflected in the table below is net of any impairment:

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10. FINANCIAL ASSETS BY CATEGORY (continued)

2016

	Loans and receivables	Total
Loans to group companies	64 075 671	64 075 671
Receivable from exchange transaction	37 078 725	37 078 725
Cash and cash equivalents	12 469 958	12 469 958
	113 624 354	113 624 354

2015

	Loans and receivables	Total
Loans to parent municipality	65 027 043	65 027 043
Receivable from exchange transaction	31 226 852	31 226 852
Cash and cash equivalents	51 895 726	51 895 726
	148 149 621	148 149 621

11. DEFERRED TAX

Deferred tax liability

Other deferred tax liability - Leases

(177 047) (295 627)

Deferred tax asset

Property, plant and equipment - Leased
Trade and other payables and provisions

168 678 267 631
7 962 676 6 576 991
8 131 353 6 844 622

Deferred tax liability

(177 047) (295 627)

Deferred tax assets

8 131 353 6 844 622

Total net deferred tax asset

7 954 307 6 548 995

Reconciliation of deferred tax asset \ (liability)

At beginning of year

6 548 995 8 490 044

Movement in temporary differences

(665 601) (3 433 483)

Income received in advance

2 070 913 1 492 434

7 954 307 6 548 995

12. BORROWINGS - DBSA

At amortized cost

Development Bank of Southern Africa

16 652 653 17 331 434

Non-current liabilities

Development Bank of Southern Africa

15 910 991 16 652 653

Current liabilities

Development Bank of Southern Africa

741 662 678 781

JOSHCO has two loans from Development Bank of South Africa (DBSA) for the City Deep Housing Project for R7 821 487 and Roodepoort Social Housing Project for R11 732 231. The loan period is for twenty years bearing interest at a fixed interest rate of 8.5% per annum. The borrowing is repayable in 36 equal six monthly instalments totaling R1 070 913 with the last redemption date in March 2029.

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13. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within 1 year	427 083	427 083
- in 2 to 5 year (inclusive of finance charges)	221 172	648 256
	648 255	1 075 339
Less: Finance charges	(45 834)	(119 514)
Present value of minimum lease payments	602 421	955 825
 Present value of minimum lease payments due		
- within 1 year	387 515	353 403
- in 2 to 5 year	214 906	602 422
	602 421	955 825
 Non-current liabilities	214 907	602 422
Current liabilities	387 514	353 403
	602 421	955 825

The finance leases relate to the lease of office equipment. The average lease term ranges between 3 years and 5 years. The company did not default on any of the interest or capital repayments of the finance leases. Interest rates are linked to prime. All leases have fixed repayments and no arrangements have been entered into for contingent rent on the leased asset. The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

14. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	312 161 851	228 016 437
Rental received in advance	7 396 117	6 338 888
Accrued leave pay	1 903 091	2 214 690
Accrued finance costs	352 899	367 284
Payroll Liabilities	1 287 278	1 273 135
Consumer deposit received	11 659 832	11 468 236
Provision	30 008 460	33 514 704
Related party creditors	21 151 830	16 438 379
	385 921 358	299 631 747

15. PROVISIONS

Reconciliation of provisions - 2016	Opening Balance	Additions	Utilised/Paid during the year	Total
Performance Bonus	1 507 977	1 750 754	(1 381 719)	1 877 012
Reconciliation of provisions - 2015	Opening Balance	Additions	Utilised/Paid during the year	Total
Performance Bonus	2 224 092	505 754	(1 221 869)	1 507 977

16. VAT RECEIVABLE

VAT receivable	2 803 778	1 278 373
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17. DEFERRED INCOME FROM NON-EXCHANGE TRANSACTIONS

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Social Housing Foundation Grant - City Deep	-	41 205 967
Provincial grant- Kiptown Golf Course	-	8 795 892
Gauteng Provincial Grant - JMJV	23 807 180	24 677 821
Local Government Grant - Roodepoort	177 800	177 800
	23 984 980	74 857 480

Movement during the year

Balance at the beginning of the year	74 857 480	72 173 429
Additions / (Repayments) during the year	(49 958 507)	3 598 044
Income recognition and other adjustments during the year	(913 993)	(913 993)
	23 984 980	74 857 480

Non-current liabilities
Current liabilities

23 070 987	73 943 487
913 993	913 993
23 984 980	74 857 480

Gauteng Provincial Grant - JMJV

The grant relates to funds received to finance the acquisition of the JMJV. Conditions are met as the operating lease is utilized and the revenue is recognized over the duration of the lease term.

Local Government Grant - Roodepoort

The Grant relates to funds received from the parent municipality for the purchase of land for the Roodepoort development. The grant is secured by land disclosed under property, plant & equipment. The funds will remain in liabilities until the asset is transferred to the City of Johannesburg Metropolitan Municipality.

18. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2016

	Financial liabilities at amortized cost	Total
DBSA loan	16 652 653	16 652 653
Payables from exchange transaction	377 122 285	347 419 431
Finance lease obligation	602 421	602 421
Current tax payable	1 074 606	1 074 606
Operating lease liability	73 985	73 985
	395 525 950	365 823 096

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18. FINANCIAL LIABILITIES BY CATEGORY (continued)		
2015	Financial liabilities at amortized cost	Total
Loans from group companies	15 910 421	15 910 421
DBSA loan	17 331 434	17 331 434
Trade and other payables	295 801 551	295 801 551
Finance lease obligation	955 825	955 825
Operating lease liability	21 154	21 154
	330 020 385	330 020 385
19. SHARE CAPITAL		
Authorised		
1000 Ordinary shares of R1 each or par value of 1000	1 000	1 000
Issued		
120 Ordinary shares of R1 each	120	120
20. REVENUE		
Rendering of services	8 620 252	5 609 886
Rental facilities and equipment	102 355 268	82 319 452
Utility recoveries	681 704	560 056
Other Income	1 719 577	281 730
Bad debts recovered	12 390	-
Fair value adjustments	-	(45 666)
Interest received - investment	5 800 274	3 803 733
Dividends received	550 000	550 000
Government grants & subsidies	19 952 000	19 970 000
Capital grants realised	913 993	913 993
	140 805 458	113 963 184
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	8 620 252	5 609 886
Rental facilities and equipment	102 355 268	82 319 452
Utility recoveries	681 704	560 056
Other Income	1 719 577	281 730
Bad debts recovered	12 390	-
Fair value adjustments	-	(45 666)
Interest received - investment	5 800 274	3 803 733
Dividends received	550 000	550 000
	119 739 465	93 079 191
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Subsidy received from shareholder	19 952 000	19 970 000
Capital grants realised	913 993	913 993
	20 865 993	20,883 993

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
21. GENERAL EXPENSES		
Advertising	2 775 748	3 507 352
Auditors remuneration	1 772 210	1 704 411
Bank charges	100 678	128 541
Computer expenses	367 573	163 839
Project planning fees and consulting	6 118 017	3 483 838
Consumables	189 238	193 595
Entertainment	247 076	329 907
Equipment hire	(66 502)	629 330
Insurance	739 253	754 429
Conferences and seminars	767 179	231 121
Lease rentals on operating lease	1 935 633	1 788 869
Fuel and oil	24 842	21 299
Placement fees	838 695	717 484
Postage and courier	767 325	494 852
Printing and stationery	539 255	430 098
Royalties and license fees	369 884	267 333
Subscriptions and membership fees	313 750	168 639
Telephone and fax	2 059 774	1 564 029
Training	1 136 186	357 038
Travel - local	-	76 703
Electricity	4 105 917	4 124 499
Gas	179 027	207 417
Sewerage and waste disposal	15 298	20 566
Water and related services	4 312 446	2 678 711
Refuse	432 941	430 457
Levy	81 560	28 862
Fair value adjustments (expenses)	-	(25 648)
	30 123 003	24,477,571

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

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22. GOVERNANCE AND EMPLOYEE COSTS

Employee related costs: Salaries and wages	24 911 621	24 062 234
Employee related costs: Temporary staff	3 026 302	1 697 295
Bargaining council	12 031	4 373
Housing benefits and allowances	161 339	15 529
Overtime payments	176 925	153 949
Bonuses	2 459 339	1 365 037
Travel, motor car, accommodation, subsistence and other allowances	1 147 233	1 207 599
Directors remuneration (note 23)	1 548 920	1 495 143
UIF	166 929	135 206
SDL	329 202	261 745
Leave pay provision charge	(294 921)	519 943
Pension fund contributions	2 263 524	1 869 746
Leave pay	626 734	179 765
Acting allowances	174 796	164 744
	36 709 974	33 132 308

23. DIRECTORS REMUNERATION

Non-Executive Directors

Ms. Z Jacobs	158 412	208 095
Mr. A Adams	-	54 101
Mr. D James	54 265	39 178
Mr. J Chauke	71 605	54 207
Mr. E Neluvhalani	23 318	-
Ms. N Twala	23 272	-
Ms. B Majola	113 747	131 282
Ms. T Sethaelo	131 001	134 366
Ms. N Tshabalala	10 019	86 272
Mr. I Makopo	-	30 058
Dr. L Matlhape	147 014	151 402
Ms. G Sengoara	98 739	150 749
Mr. M Mphahlele	-	39 176
Mr. M Oliphant	123 372	54 206
Dr. D W Thwala	92 408	122 943
Mr. B Twala	17 466	-
	1 064 638	1 256 035

Audit Committee Members

Mr. H Moolia	275 369	168 824
Ms. Mosweu	65 749	31 560
Mr. R Hill	137 289	38 724
Ms. L Zabala	5 875	-
	484 282	239 108

Directors remuneration includes an accrued retainer fee.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Figures in Rand	2016	2015
24. EXECUTIVE AND SENIOR MANAGERS SALARIES		
Executive Director - Mr. R Gallocher		
Annual Remuneration	958 804	1,557 734
Performance Bonus	173 381	111 846
Other	-	79 399
	1 132 185	1,748,979
Executive Director - Mr. S Marota #		
Annual Remuneration	1 057 958	-
Travel Allowance	82 924	-
	1 140 882	-
Executive Managers		
Ms. C Holmes	1 120 333	1 070 793
Ms. P Ngwasheng	925 550	-
Mr. G Randal *	530 385	770 871
Ms. C Nkosi *	674 203	713 941
Ms. M Nkopane	1 163 492	1 049 854
Mr. P Maseko #	77 222	-
	4 491 185	3 605 459
 * Resigned # Appointed		
25. OTHER HOUSING MANAGEMENT COSTS		
The following amounts relate to project costs incurred at various projects:		
Bad Debts	7 095 333	(11 655 832)
Bad Debts Written off	5 282 706	24 282 887
Collection Fees	749 760	615 581
Community Development	1 424 288	1 422 667
	14 552 087	14 665 303
26. REPAIRS AND MAINTENANCE		
The following costs relate to the repairs and maintenance incurred for tenants at the various projects:		
Cleaning Services	9 150 725	5 549 402
Gardening and Landscaping	1 952 972	1 045 524
General Maintenance (plumbing, electricity, etc.)	26 076 973	19 156 596
Security for premises and tenants	12 875 851	10 529 087
	50 056 521	36 280 609
27. INVESTMENT REVENUE		
Dividend received		
JMJV	550 000	550 000
Interest received		
Bank interest	3 588 572	2 588 787
Interest earned - Outstanding debtors	2 211 702	1 214 946
	5 800 274	3 803 733
	6 350 274	4 353 733

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Notes to the Financial Statements

Figures in Rand	2016	2015
28. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	1 012 810	835 330
Intangible assets	49 506	64 682
	1 062 316	900 012
29. FINANCE COSTS		
Interest paid - DBSA Loan	1 448 662	1 339 482
30. TAXATION		
Major components of the tax expense		
Current		
Local income tax - current period	2 341 142	1 941 049
Deferred		
Originating and reversing temporary differences	(1 405 312)	(1 941 049)
	935 830	-
Reconciliation of the tax expense		
Accounting surplus / (deficit)	4 790 923	1 588 392
Tax at the applicable tax rate of 28% (2015: 28%)	1 341 458	444 750
Tax effect of adjustments on taxable income		
Prior year (over) / under provision - current tax	999 684	2 243 385
Prior year (over) / under provision - deferred tax	(1 405 312)	(2 688 135)
	935 830	-
Included in taxable income is subsidies received from parent municipality.		
Statutory rate (%)	28	28
31. CONTRACTED SERVICES		
Contracted services	1 375 867	1 024 955
Amounts included in contracted services relate to IT services, recruitment agencies and investigation services		

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Financial Statements for the year ended 30 June 2016

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32. CASH/ (USED IN) GENERATED FROM OPERATIONS

Surplus/ (deficit)	3 732 819	1 588 392
Adjustments for:		
Depreciation and amortization	1 062 316	900 012
Loss on disposal of assets	-	(75 436)
Loss from equity accounted investments	58 379	79 989
Fair value adjustments	550 000	550 000
Movements in operating lease assets and accruals	52 831	(21 154)
Movements in provisions	369 034	(716 115)
Movement in tax receivable and payable	2 341 142	(3 802 455)
Annual charge for deferred tax	(1 405 312)	1 941 049
Changes in working capital:		
Inventories	(50 416)	25 375
Receivables from exchange transactions	4 699 312	13 335 481
Payables from exchange transactions	86 289 611	1 621 181
VAT	(1 525 405)	(1 176 907)
Deferred income from non-exchange transactions	(50 872 500)	338 234
	45 301 811	14 587 646

33. TAX REFUNDED (PAID)

Balance due (to) / from at beginning of the year	735 726	(2 821 986)
Current tax for the year recognized in surplus / deficit	(2 341 142)	1 941 049
Deferred tax adjustments	1 940 689	1 616 663
Balance due to / (from) at end of the year	335 273	735 726

34. COMMITMENTS

Commitments in respect of Capital expenditure:

Authorised and contracted for

- Investment properties

94 335 864 475 079 813

Operating leases - as lessee (Buildings):

Minimum lease payments due

- within one year
- within 2 to 5 years

2 165 535 465 392
744 403 -

Operating lease payments represent rentals payable by the company for its Head office premises. Leases are negotiated for an average term of three years and rentals are fixed for one year and subject to escalation clauses.

35. CONTINGENCIES

JOSHCO is currently involved in legal dispute against it. The company in consultation with its legal counsel has assessed the likelihood that this case is not likely to be in the company's favour. Following this assessment, the company's management has determined that no further provision is required in respect of this legal dispute as at 30 June 2016. The total estimated claim amount to R298 594 which is in respect of a dispute with a supplier.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
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36. RELATED PARTIES

Relationships:

Shareholder

Other members of the group

City of Johannesburg Metropolitan Municipality
City Power Johannesburg SOC Ltd
Johannesburg Water SOC Ltd
Pikitup Johannesburg SOC Ltd
Johannesburg Roads Agency SOC Ltd
Johannesburg Metropolitan Bus Services SOC Ltd
Johannesburg City Parks and Zoo NPC
Johannesburg Development Agency SOC Ltd
Johannesburg Property Company SOC Ltd
The Johannesburg Fresh Produce Market SOC Ltd
Johannesburg City Theatres SOC Ltd
Metropolitan Trading Company SOC Ltd
Joshco JM/JV

Related party balances:

Trade and other receivables

City of Johannesburg Metropolitan Municipality
Pikitup Johannesburg SOC Ltd
Johannesburg Fresh Produce Market SOC Ltd
Johannesburg Metropolitan Bus Services SOC Ltd

169 364 408	175 048 180
16 247	371 185
7 202	12 019
43 029	-
169 430 886	175 431 384

Trade and other payables

City of Johannesburg Metropolitan Municipality
Johannesburg Civic Theatres SOC Ltd

21 134 190	16 435 505
17 640	-
21 151 830	16 435 505

Related party transactions:

Revenue

City of Johannesburg Metropolitan Municipality

32 160 823	25 579 886
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Expenditure

City of Johannesburg Metropolitan Municipality
Johannesburg Civic Theatres SOC Ltd
Johannesburg Metropolitan Bus Services SOC Ltd
Pikitup Johannesburg SOC Ltd
City Power Johannesburg SOC Ltd
Johannesburg Water SOC Ltd

(1 263 690)	(3 077)
(15 473)	-
-	(8 520)
(287 757)	-
(2 750 446)	-
(7 403 326)	-
(11 720 692)	(11 597)

37. RISK MANAGEMENT

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, in order to provide returns for shareholder and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Notes to the Financial Statements

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37. RISK MANAGEMENT (continued)

Financial risk management

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company is a wholly owned subsidiary of the City of Johannesburg Metropolitan Municipality. Risk management is carried out by a central treasury department within the Metro Municipality (City treasury) under policies approved by the City's Assets & Liability committee of which the company's CFO is part. City treasury identifies and evaluates financial risks in close cooperation with ALCO. ALCO provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk.

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The company also receives an annual subsidy from the City of Johannesburg Metropolitan Municipality which mitigates to a large extent the liquidity risk of the company.

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk.

During 2016 and 2015, the entity's borrowings of R15,910,991 from the Development Bank of Southern Africa, at fixed rate of 8.5% and the loan is denominated in the South African Rand.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, intercompany debtors and other receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. The company services the widespread public of the metropolitan area. The company is therefore exposed to credit risk. The company is exposed to credit risk as a result of the following: transactions entered into with the public on extended payment terms and long term loans with the City of Johannesburg Metropolitan Municipality. These customers may not be able to produce cash on demand and the company manages these risks by independent checks on the credit quality of debtors and giving long term loans only to City of Johannesburg Metropolitan Municipality in terms of approved policy and credit terms. No changes occurred in the management of these risks from the prior year.

The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus / (deficit). The company's interest rate risk arises from interest bearing borrowings and financial service assets. Borrowings issued at floating rates expose the company to cash flow interest rate risk, while fixed rate borrowings expose the company to fair value interest rate risk. As part of the process of managing the company's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and refinancing of existing borrowings are positioned according to expected movements in interest rates.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2016	2015
Trade and other receivables	35 361 526	85 671 394
Loans to group companies	244 651 198	245 603 199

JOHANNESBURG SOCIAL HOUSING COMPANY SOC Ltd

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

38. EVENTS AFTER THE REPORTING DATE

There were no reportable events after the reporting date that were not addressed in this report.

39. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Management was not aware of any incidents of unauthorized, irregular and fruitless and wasteful expenditure during the financial year.

40. ASSETS SUBJECT TO RESTRICTIONS

There are no assets recognized in JOSHCO that are subject to restrictions.

41. BUDGET DIFFERENCES

Material differences between budget and actual amounts

In terms of entity policy, variances in excess of R1.4 million (i.e. 1% of total revenue) must be reported and supported with explanations. The following reasons apply to material variances:

- Total revenue was ahead of budget by 5% (R140.6m vs R134.4m) mainly due management fees and interest received. Management fees relates to a 3% commission that JOSHCO earns during the development of projects and interest received relates to a positive bank balance.
- Other project costs were ahead of the budget mainly due to bad debts. This was as a result of the current economic conditions.
- General expenses were below budget due to cost containment measures as prescribed.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to pages in the annual report.

42. PRIOR PERIOD ERROR

Correction of prior period balances resulting from the reclassification of loans to and from parent municipality to receivables and payables respectively. In terms of the Group Finance Directives for annual financial statements the sweeping accounts represent loans to or from the City for the different municipal owned entities, with each individual municipal owned entity accounting for its intra-company loans, separate in its balance sheet.

Statement of financial position

JOSHCO - Receivables from exchange transactions		175 048 180
JOSHCO - Loans to parent municipality		(175 048 180)
JOSHCO - Loans from parent municipality		16 435 505
JOSHCO - Payables from exchange transactions		(16 435 505)

Correction of prior period balances resulting from a system error in relation to receivables from exchange transactions (project debtors).

Statement of financial position

JOSHCO - Accumulated surplus		400 000
JOSHCO - Receivables from exchange transactions		(400 000)

43. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

In terms of SCM Regulation 36, the Accounting Officer may authorise deviations from procurement processes in circumstances provided for in the SCM regulations. Thereafter the Accounting Officer must report the deviations to the Board of Directors.

For the financial year, the following deviations occurred and was approved by the Accounting Officer:

Supplier	Description		
Lumacon Air Conditioning	Repair of heat-pumps in Fleurhof Housing Estate	56 948	-
Mthimkhulu Stone Works CC	Extension of Contract Period: Driver-Courier Services	101 837	-
Jolobe Trading	Extension of CSA contracts for Jozi@Work	406 080	-
Gochi Trading	Extension of CSA contracts for Jozi@Work	413 280	-
VZ Contractor	Extension of CSA contracts for Jozi@Work	533 040	-
Exclusive People	Extension of the Leasing Manager's contract	45 996	-
The Leadership magazine	Publication about JOSHCO.	44 460	-
OTIS Elevators	Maintenance of lifts at the Chelsea project.	129 175	103 000
Delta-Link (Mfiles)	Migrating files/data between servers	16 436	12 659
Greg & Vermaak Attorneys	Court interdict against community of Kliptown Golf Course (Violent protest).	-	50 980
South African Housing Foundation	Exhibition stand for a conference in Cape Town for 3 days - 28 September to 1 October 2014.	-	57 000
Ezzy Property Maintenance & Security	Extension of repairs and maintenance services from April to May 2015.	-	51 289
ETHIQS	Professional services - Antea Project.	-	259 319
Work in Development	Professional services - City Deep Project.	-	14 000 008
SIRAC Gauteng & Northern Region	Repairs of Pressure Safety Valves (16) in Fleurhof Housing Estate.	-	109 440
Marcus Evans SA Ltd	Workshop for Housing Development.	-	18 474
Government Printing Works	Annual advertisement in the Government Gazette for registration of potential service providers on the JOSHCO database.	-	2 465
Dailtron Security System	Reinstatement of the Intercom / Access control Software at Bellavista / Citrine Court.	-	6 213
Nyoni Projects	Additional work at the Pennyville project.	-	2 941 398
Thembaele Consulting	Additional fees due to increased scope in Pennyville project.	-	468 534
MMQS	Additional fees due to increased scope in Pennyville project.	-	160 611
SIRAC Gauteng & Northern Region	Replacement of circulation pump in Block G of the Fleurhof Housing Estate.	-	3 420
Joe Malherbe Attorneys	Legal opinion on the PROCSA agreement for Randburg Social Housing Project.	-	189 074
Lightway Skylights	Extension of repairs and maintenance services from April to May 2015.	-	391 432
Stanford M Electrical	Extension of repairs and maintenance services from April to May 2015.	-	106 422
Akula Trading 211	Procurement of land and the development of 588 units for the Devland / Golden Highway turnkey project.	-	210 972 526
Pitney Bowes S.A	Maintenance of envelope folding machine.	-	5 408
CEO Global	JOSHCO Branding and Marketing.	-	6 500
CGF Research	Corporate governance, risk and compliance training.	-	40 000
Cambridge Energy Efficiency Solutions	Supply and installation of electrical prepaid meters.	-	1 572 447
Deltalink Consulting	Linking of meter data.	-	6 726
		1 747 252	231 535 345

CHAPTER SIX: AUDITOR GENERAL FINDINGS

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

Refer to the Annual Financial Statements set out in Chapter 5 and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter.

Include a comparison of the previous audit opinions and share a narrative that analyses the reasons for the outcome of the opinion. This should be at a high level to assist the reader in understanding the reasons for the audit outcomes.

Audit Opinion	2012/13	2013/14	2014/15	2015/16
	Unqualified	Unqualified	Unqualified	Unqualified

SECTION 2: HISTORICAL AUDIT FINDINGS AND REMEDIAL ACTION

ANALYSIS OF 2015/16 AUDIT FINDINGS

New in 2014/15		Repeat finding	Actions to Resolve
Matters affecting Audit opinion			List actions taken to resolve the matters
New in 2014/15		Repeat finding	Actions to resolve
Important Matters	None	None	Not applicable
Administrative Matters	None	None	Not applicable

ANNEXURE B: PERFORMANCE BALANCE SCORECARD WITH KEY PERFORMANCE AREAS AND INDICATORS

SECTION 3: COMMITMENT BY THE BOARD OF DIRECTORS

The Board of Directors confirms that it has satisfied itself that the remedial actions taken or to be taken on matters raised by the Auditor-General are adequate.

SECTION 4: MITIGATION STRATEGIES ON THE ASSESSMENT OF THE INTEGRATED REPORTING AND MFMA CIRCULAR 63

JOSHCO's integrated annual report is compliant with the MFMA circular 63.

SECTION 5: AUDITOR GENERAL'S REPORT

Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on Johannesburg Social Housing Company SOC Ltd

Report on the financial statements

Introduction

1. I have audited the financial statements of the Johannesburg Social Housing Company SOC Ltd set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African standards of Generally Recognised Accounting Practice (SA standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Social Housing Company SOC Ltd as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

Additional matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Other reports required by the Companies Act

8. As part of our audit of the financial statements for the year ended 30 June 2016, I have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Unaudited disclosure notes

9. In terms of section 125(2) (e) of the MFMA the municipal entity is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the entity for the year ended 30 June 2016:
- Development objective 2: 50% to 60% of new projects will be developed within 1km square radius of Corridors of Freedom on pages x to x;
 - Development objective 3: Achieve world-class architectural and urban design for all projects on pages x to x;
 - Development objective 4: Construction quality places on pages x to x;
 - Development objective 5: Adherence to the best practice property management on pages x to x;
 - Development objective 7: Portfolio enhanced to achieve highest resource efficiency on pages x to x;
 - Development objective 10: Economic development and work creation (Co-production) on pages x to x.
12. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following development objectives:
- Development objective 2: 50% to 60% of new projects will be developed within 1km square radius of Corridors of Freedom;
 - Development objective 3: Achieve world-class architectural and urban design for all

projects;

- Development objective 4: Construction quality places;
- Development objective 5: Adherence to the best practice property Management;
- Development objective 7: Portfolio enhanced to achieve highest resource efficiency;
- Development objective 10: Economic development and work creation (Co-production).

Additional matter

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development objectives, I draw attention to the following matter:

Achievement of planned targets

16. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year.

Compliance with legislation

17. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

18. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Johannesburg
30 November 2016



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Balanced Scorecard with Key Performance Areas and Indicators 2015/16

Key Performance Area	5-year IDP Programmes	Key Performance Indicator	Baseline 2014/15	Total target for the year 2015/16	Jul 15 to Jun 16								Interventions	Means of verification
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual		
1. Enhanced Financial Sustainability and Resilience	Financial Sustainability and Resilience	% Variance against ME's operating budget	2%	<5	0 -30	-3%	0 -20	-1%	0 -10	4%	0 - 5	-1%	Monitor management accounts on a monthly basis	Monthly management accounts
	Financial Sustainability and Resilience	% of ME's capital budget spent	98,5%	95%	10%	11%	30%	20%	70%	41%	95%	100%	Monitor management accounts on a monthly basis	Monthly management accounts
	Financial Sustainability and Resilience	% cases processed and successful in terms of legal processes	61%	60%	20%	9%	30%	28%	50%	32%	60%	60%	To performance manage the service providers on a quarterly basis	Basic Monthly Management report
	Financial Sustainability and Resilience	Housing revenue collected as % of amount billed (excludes Col stock)	92%	89%	80%	88%	82%	90%	84%	93%	89%	93%	To enhance collection strategies and implement them on a quarterly basis	Audit reports
	Financial Sustainability and Resilience	% Attainment of clean audit report in previous year	100%	100%	-	-	100%	100%	100%	100%	100%	100%	To follow all processes per the MFMA and tighten our systems	Clean audit
	Financial Sustainability and Resilience	The extent to which the Implementation of mitigation of risks In Strategic Risk Register are achieved	62,5%	80%	20%	0%	45%	32%	60%	47%	80%	30%	Strategic risk register will be reviewed monthly at the Ordinary Exco	Report to Board

Key Performance Area	5-year IDP Programmes	Key Performance Indicator	Baseline 2014/15	Total target for the year 2015/16	Jul 15 to Jun 16								Interventions	Means of verification
					Q1		Q2		Q3		Q4			
					Target	Actual	Target	Actual	Target	Actual	Target	Actual		
1. Enhanced Financial Sustainability and Resilience	Financial Sustainability and Resilience	% Legislative Compliance	96.14%	90%	80%	97.25%	85%	90.32%	90%	90.32%	90%	90%	To focus mainly on the shortfalls and address them bi-monthly	Minutes of Risk Committee
	Financial Sustainability and Resilience	% Compliance with governance protocols and standards	100%	100%	70%	100%	80%	100%	90%	100%	100%	100%	Board of Directors monitors this compliance requirement annually	Board Minutes
2. 50 – 60% of new projects will be developed within 1 square km radius of Corridors of Freedom	Sustainable human settlements programme (housing)	Number of land parcels/buildings secured in the Corridors of Freedom	New	4	0	0	2	3	0	3	2	0	6 Achieved, target was overachieved by 2	Annual Availability Assessment Other To Purchase
	Sustainable human settlements programme (housing)	Number of new projects planned within 1km square radius of Corridors of Freedom/TOD	75% of new projects were planned within 1km square radius of Corridors of TOD	4	0	2	2	2	0	0	2	--	4 Achieved, target achieved in the 2nd qtr.	Appraisal Plans and Designs

Key Performance Area	5-year IDP Programmes	Key Performance Indicator	Baseline 2014/15	Total target for the year 2015/16	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Interventions	Means of verification
					Jul 15 to Jun 16									
3. Achieve world-class architectural and urban design for all projects.	Sustainable human settlements programme (housing)	Number of projects planned through participatory site model	7	8	0	5	2	4	2	1	4	-	Achieved In 10 projects in 2015/2016 by the 3 rd qtr	Attendance Registers, Meeting Minutes, Social Facilitator Report
	Sustainable human settlements programme (housing)	Number of greenfield developments completed (Dobsonville, City Deep, Fleurhof, Nancefield, Turffontein and Lombardy East)	300	750	0	50	0	0	0	0	750	743	Dobsonville : 212 Devland: 153 Klipptown Golf Course: 126 Fleurhof: 252	Completion Certificate
4. Constructing Quality places	Sustainable human settlements programme (housing)	Number of hostel redevelopment projects completed.	146	0	0	0	0	0	0	0	0	19	19 Rooms were delivered at the Selby Village.	Completion Certificate
	Sustainable human settlements programme	Number of Inner-City upgrades	0	50	0	0	0	0	0	0	50	56	Overachievement of 6 units in Plain Street	Completion Certificate
	Sustainable human settlements programme (housing)	Number of new projects that obtain planning approvals (Four Projects)	5	4	0	3	0	3	2	2	2	-	Achieved 8 in 2015/2016> Target achieved by the 3 rd qtr.	Approval documents

Key Performance Area	5-year IDP Programmes	Key Performance Indicator	Baseline 2014/15	Total target for the year 2015/16	Jul 15 to Jun 16								Interventions	Means of verification
					Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual		
5. Adherence to Best Practice Property Management	Sustainable human settlements programme (housing)	Occupancy rate as a % of housing units under management	97%	97%	97%	97%	97%	97%	97%	98%	97%	98%	In 4 th qtr, the target was over achieved by 1%	Mid-Year Review Report
	Sustainable human settlements programme (housing)	% of Maintenance complaints case files closed within turnaround times	95.2%	95%	90%	95.4%	90%	95.4%	90%	97.8%	95%	95.6%	Target achieved, increase of 0.6%	MCA Maintenance report
	Sustainable human settlements programme (housing)	Implementation of planned maintenance programme as planned per quarter	100%	100%	100%	100%	100%	100%	100%	98%	100%	108%	The plan for the financial year was fully implemented (100%)	Planned maintenance programme and data report
	Sustainable human settlements programme (housing)	Turnaround times to allocate vacated units	1 month	1.5 months	1.5 months	1.2 month	1.5 months	1.2 month	1.5 months	1.5 months	1.5 months	1.01 months	Units were allocated within 1 month in the 4 th Qtr against a target of 1.5 months	MCA report (date vacated and date allocated) lease agreement
6. Enhance tenant and public participation	Engage Active Citizenry	Implementation of a Stakeholder Engagement programme as planned per quarter	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100% of the plan was implemented for the financial year	Meetings, newsletters, brochures
	Engage Active Citizenry	Implement a Communications strategy for JOSHCO	100%	100%	0%	32%	40%	78.1%	70%	100%	100%	100%	100% of the plan was implemented by the 4 th qtr	Stakeholder feedback