



**ESTATE AGENCY AFFAIRS BOARD  
OF SOUTH AFRICA**

**Estate Agents Affairs Board  
Annual Performance Plan  
2016/17 Financial Year  
Final Draft**

## Foreword

It is with great pleasure, as the Chairman of the Board of the Estate Agency Affairs Board, to present to our executive authority, the Ministry and the Department of Human Settlements, represented by the Honorable Minister Lindiwe Sisulu, an Annual Performance Plan for the period 2016/2017.

The focus of the Estate Agency Affairs Board (EAAB) for the period 2016/17 aims at strengthening its mandate and reaffirming the commitment of the organisation to achieving the highest standards of excellence in the regulation of the estate agency sector for the benefit of consumers in general and in the public interest.

In addition is the vital role that the EAAB performs as the Supervisory Body of the estate agency sector to advance transformation of the sector and also endeavor to eliminate the scourge of money laundering – which, unfortunately, seems to be endemic to the property environment. A core function of the EAAB will, of course, always remain the enforcement of industry-wide compliance through efficient and effective regulation.

The EAAB, to this end, must ensure that all qualifying estate agents are timeously issued with valid fidelity fund certificates to enable them to trade legally. The EAAB and management have recommitted themselves to doing everything necessary to ensure that this mandate is fulfilled.

In pursuance of the EAAB mandate I am pleased to share with the Ministry and the Minister of Human Settlements that the EAAB remains committed to good corporate governance principles as prescribed in the Public Finance Management Act, 1 of 1999, as well as in the provisions of the King III Code of Good Practices for good corporate governance.

It is the intension of the EAAB to continue forging ahead with the professionalisation of the estate agency sector to ensure that it becomes an economically viable profession of choice for all South Africans committed to building a sustainable future for the generations to come. The EAAB will, furthermore, continue to build upon, and strengthen, its relationship with the stakeholder's representative bodies.

It will also seek to extend the scope of its statutory regulatory and consumer protection mandate and impact by aligning itself to, and working closely with, other existing regulators and by establishing sound and mutually beneficial working relationships with additional industry bodies.

Under the leadership of the Board, the organisation has rededicated itself to a strategic orientation emphasising on regulation, transformation and the promotion of the highest ethical standards of conduct among estate agents. The Board also seeks, in so doing, to balance a serious regard for the public interest with the economic development imperatives of the country as a whole. The Board has already devoted extensive time to reviewing the strategy of the EAAB and is satisfied that the Annual Performance Plan is guided by the EAAB's Strategic Plan, which in turn responds to Medium Term Strategic Framework (MTSF).

The Board, as the accounting authority of the EAAB, assumes overall responsibility for the development of the performance targets for the present budget year of the EAAB and endorses the Annual Performance Plan. The Board will fully support, and ensure the implementation of, the Plan.

**Official sign-off**

It is hereby certified that this Annual Performance Plan (APP) was developed by the Board of the EAAB and prepared in accordance with the current Strategic Plan of the EAAB.

The APP accurately reflects the performance targets which the EAAB will endeavor to achieve given the resources made available in the budget for 2015/2016 financial year.

<b>Chief Financial Officer</b>	<b>Signature:</b> _____
<b>Head responsible for planning</b>	<b>Signature:</b> _____
<b>Accounting Officer (Chief Executive Officer)</b>	<b>Signature:</b> _____
<b>Accounting Authority (Chairman of the Board)</b>	<b>Signature:</b> _____
<b>Executive Authority (Minister of the Department of Human Settlement)</b>	<b>Signature:</b> _____

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## Part A: Strategic overview

### 1. Vision

To be a trusted world-class regulator of the profession of estate agency.

### 2. Mission

Ensure the integrity of the activities between the estate agent and consumer is of a high standard by regulating, protecting, guiding and enhancing the conduct of the real estate agents' profession in South Africa.

Protect the consumer by providing insurance, regulating, protecting, guiding and enhancing the standard of conduct of estate agents; and ensuring the integrity of estate agents in their interactions with consumers.

### 3. Values

The following values will underscore the Board's behaviour as it strives to achieve the ideals encapsulated in its vision and mission, namely:

- **Integrity:** the quality of adhering to the highest moral principles and professional standards
- **Trust:** building and maintaining the highest levels of trust and respect in EAAB engagements and interactions with all stakeholders
- **Responsibility:** the authority to make decisions independently and to be accountable for actions taken
- **Respect:** to demonstrate courtesy and regard for one another and for all stakeholders **Excellence:** to exceed client expectations in service delivery
- **Communication:** the effective exchange of information in such a manner that there is a mutual understanding
- **Transparency:** conduct all business in a transparent manner

### 4. Strategic Oriented Outcome Goals

Strategic Outcome Oriented Goal number 1	<b>Compliant Estate Agency Sector.</b>
Goal Statement	<b>Perform inspections on 50% of Estate Agencies over the 2014 to 2019 financial period in order to increase compliance levels of estate agents</b>

Strategic Outcome Oriented Goal number 2	<b>Property consumers are aware and understand all forms of property transactions</b>
Goal Statement	<b>The EAAB will ensure that at least 2 million consumers are made aware of property transactions through media publications and television by the end of 2018/19.</b>

Strategic Outcome Oriented Goal number 3	<b>Sustainable Fidelity Fund</b>
Goal statement	<b>The EAAB will ensure that the Fidelity Fund is efficiently and effectively operated to achieve aggregate growth rate of 5% per annum against the 2013 baseline by the end of 2018/19.</b>

Strategic Outcome Oriented Goal number 4	<b>Professional and capacitated Estate Agency Sector.</b>
Goal Statement	<b>The EAAB will ensure that 100% of the registered estate agents are fully qualified in terms of legislative requirements by the end of 2018/19.</b>

## 5. Legislative mandates

There were no legislative changes applicable to EAAB for the 2016/17 financial period.

## 6. Situational Analysis

The EAAB has again taken account of its operational environment and, more specifically, how the same would impact and influence its business for the coming year. The consolidated inputs are, therefore, reflected below:

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### SWOT Analysis

#### External Environment

<b>Threats</b>	<b>Opportunities</b>
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<b>Threats</b>	<b>Opportunities</b>
<p><b>Mandate</b></p> <ul style="list-style-type: none"> <li>Expanding mandate outside of legislation and without securing funding, leads to unauthorized expenditure</li> </ul> <p><b>Compliance and legislation</b></p> <ul style="list-style-type: none"> <li><i>Non compliance with by estate agents jeopardizes regulatory power of EAAB</i></li> <li>An increase in the number of unregistered estate agents and “no commission based companies” could erode the integrity of the property sales industry</li> </ul> <p><b>Fidelity Fund</b></p> <ul style="list-style-type: none"> <li>Increases in white-collar crime could lead to higher claims from Fidelity Fund.</li> <li>Failure to bank into the trust account can result in claims lodged against the Fidelity Fund, affecting the Fund’s performance</li> <li>Unlimited claims either in size or number may deplete the Fidelity Fund</li> <li>An increase in emerging home owners and renters and consequent escalation in the number of complaints and claims impacts the Board’s resources and the Fund</li> </ul> <p><b>Technology</b></p> <ul style="list-style-type: none"> <li>Use of technological tools by estate agents to conduct their business creates opportunity for identity theft</li> </ul> <p><b>Sales transactions</b></p> <ul style="list-style-type: none"> <li>A tightening credit market may lead to a reduction in the number of sales transactions, affecting the sustainability and viability of the estate agency enterprise</li> </ul> <p><b>Estate agents and sectional title properties</b></p> <ul style="list-style-type: none"> <li>The slow economic recovery may lead to a reduction in the number of estate agents which is a threat to the survival of the profession</li> <li>More sectional title properties on the market could result in increased misappropriation of those properties by sectional title managers</li> </ul>	<p><b>Legislative aspects and compliance</b></p> <ul style="list-style-type: none"> <li>Amending the Act to support the EAAB strategic intent</li> <li>Build partnerships that improve the ability of EAAB to ensure compliance to the Act</li> </ul> <p><b>Fidelity Fund Management</b></p> <ul style="list-style-type: none"> <li>Improving the sustainability of the Fidelity Fund</li> <li>Better investment opportunities to grow the Fidelity Fund</li> <li>Charging a (nominal) fee per transaction to increase the reserves of the Fidelity Fund</li> </ul> <p><b>Consumer understanding</b></p> <ul style="list-style-type: none"> <li>Building consumer understanding of the property transactions to better protect the consumer</li> </ul> <p><b>Transformation</b></p> <ul style="list-style-type: none"> <li>Collaboration with Department of Human Settlement in resolution of title deeds, leads to increased secondary market and more estate agents emanating from previously disadvantaged groups</li> <li>Sustaining black agencies to continue operating to enhance transformation</li> <li>Use of FFC’s to enforce transformation and compliance</li> </ul> <p><b>Technology</b></p> <ul style="list-style-type: none"> <li>Increase EAAB outreach through media and other relevant communication mechanisms</li> <li>Use of technology to improve communication between stakeholders and the EAAB</li> </ul> <p><b>Service levels and industry performance</b></p> <ul style="list-style-type: none"> <li>Improving accessibility, service levels and general image of the EAAB</li> <li>Improving the performance of the industry in order for regulation to go beyond mere compliance</li> </ul> <p><b>Stakeholders, and estate agency growth</b></p> <ul style="list-style-type: none"> <li>Involving more stakeholders e.g. BEAFSA creates more capacity for extended responsibilities</li> <li>Establish estate agents as members of a recognized professional body</li> </ul>

**Internal Environment**



Strengths	Weakness
<p><b><i>Fidelity Fund</i></b></p> <ul style="list-style-type: none"> <li>• A well-managed Fidelity Fund</li> </ul> <p><b><i>Infrastructure, working environment and IT capability</i></b></p> <ul style="list-style-type: none"> <li>• Infrastructure is available to support the effective implementation of the EAAB mandate</li> <li>• IT systems e.g. SAP enable EAAB to improve performance</li> <li>• Modernisation of IT system allows EAAB to stay relevant</li> </ul> <p><b><i>Management and stakeholders</i></b></p> <ul style="list-style-type: none"> <li>• Competent and committed management and staff with experience to take EAAB forward</li> <li>• Conducted stakeholder awareness campaigns</li> <li>• Improved working environment e.g. security for the EAAB to operate effectively</li> </ul>	<p><b><i>Mandate and legislation</i></b></p> <ul style="list-style-type: none"> <li>• Insufficient capacity to comply with mandate</li> <li>• Non-compliance with legislation</li> </ul> <p><b><i>Reporting</i></b></p> <ul style="list-style-type: none"> <li>• Insufficient reporting, monitoring and control structures</li> </ul> <p><b><i>IT system and outsourcing</i></b></p> <ul style="list-style-type: none"> <li>• Low functionality of IT system</li> <li>• Outsourcing of certain services</li> </ul> <p><b><i>Work performance and staff retention</i></b></p> <ul style="list-style-type: none"> <li>• Performance culture not fully implemented</li> <li>• Performance management system ineffectively applied</li> <li>• Work repetition is common</li> <li>• Staff turnover erodes the experience curve</li> </ul> <p><b><i>Claims and customer service</i></b></p> <ul style="list-style-type: none"> <li>• Poor ratio of recoveries to claims</li> <li>• Lack of customer focus</li> <li>• Slow responses to customer queries</li> <li>• Levels of systems integration could be improved to support service delivery</li> <li>• Slow turn-around times for client service complaints</li> </ul>

## 7. The performance delivery environment

### Economic outlook

The Minister of Finance, in the 2015 budget speech, used the opportunity to highlight a number of economic factors which will have impact on the property environment in general and the estate agency sector in particular. The Minister noted that global economic growth was expected to rise only slightly from 3,3% in 2014 to 3,5% in 2015. While growth of 3.6% was expected in the United States, the European outlook remained distinctly bleaker. Notwithstanding a slowdown in Chinese growth, the economies of emerging markets were nevertheless still expected to grow by some 4,5%. South Africa was deriving the benefit of lower oil prices although major commodity exports remained negatively affected by the general global slowdown. This notwithstanding deepening trade and investment links with sub-Saharan Africa continued to offer favourable growth prospects. A major challenge to the South

African economy was the security and reliability of energy supply. Energy constraints could not only severely inhibit growth in manufacturing and mining but would also increase costs for both businesses and households. Consumer price inflation was, however, expected to decrease to an average 4,3% in 2015 and this decrease could contribute to higher economic growth. The Minister believed that the best short-term prospects for faster growth, however, were to be found in the less energy-intensive sectors such as tourism, agriculture, light manufacturing and housing construction. These identified sectors, furthermore, employed more people and were able to contribute to better inclusive growth.

Matters of specific interest to estate agents in the budget were related to both capital gains tax and transfer duty. The revised transfer duty rates will have an extremely positive effect on the purchase and sale of properties where the purchase price is less than R750 000 while the upward revision of the transfer duty exemption is to be welcomed. This development should provide an important and much needed impetus to the creation of a secondary market in the affordable housing market segment. The new transfer duty rates, indeed, should boost residential property sales in all segments under the R2,24 million price range. This will undoubtedly be to the benefit of the vast majority of estate agents. There is, however, a likelihood that the upper sector of the housing market, that is to say in respect of properties priced in excess of R2,25 million, could be negatively impacted. Transfer duty on a house prices at R8 million, for example, will increase by R164 000. It will probably come down to the question of affordability perhaps the buyer who can afford to purchase a property for R8 million will still find it within his/her means to pay the additional transfer duty.

The budget also contained much good news for the smaller estate agency practitioners. Following the recommendations of the Davis Committee, the Minister granted certain tax relief to enterprises having a gross income of less than R20 million in a financial year. Micro-businesses generating a turnover of less than R1 million in a financial year fared even better. There is confidence that these tax measures will go a long way to encouraging estate agency entrepreneurs and, particularly, new entrants to the estate agency sector, to establish their own businesses and achieve the longstanding objective that the EAAB has always sought, namely, creating the estate agency business owners of the future. There is a belief that the budgetary measures announced by the Minister will generally be to the benefit of the estate agency sector and its various stakeholders. Such measures should provide the necessary incentive and motivation for sector role players to transform, grow and invigorate real estate to the benefit of all citizens.

The EAAB is, indeed, mindful of the fact that the real estate profession most certainly has its fair share of challenges and the real estate environment is one that is dynamic and ever changing.

Having said that, it is believed that the economy has levelled out somewhat and with the recent SARB's Monetary Policy Committee (MPC) announcement that the policy Repo Rate would remain unchanged at 5.75%. This implies that Prime Lending Rate will remain at 9.25%. The decision comes as no surprise, having been widely anticipated due to Consumer Price (CPI) Inflation declining swiftly back into the 3-6% SARB target range late last year, to measure 5.3% year-on-year by December. The key contributing factor to the CPI Inflation decline recently has been a sharp drop in global oil prices filtering through into domestic petrol prices, while declining global food prices and a more stable Rand of late have also contributed to more subdued local inflation.

South African forecasts over a 5 year period expect GDP to grow from 1.5 in 2015 to 2.6 in 2020. The inflation rate is expected to decrease from 5.3% in 2015 to 4.2% in 2020. The unemployment rate is also expected to decrease from 24.73% in 2015 to 12.6% in 2020.

This suggests that although the economic fundamentals will strengthen over a longer period which lead to growing Estate Agency sector.

### **Political perspective**

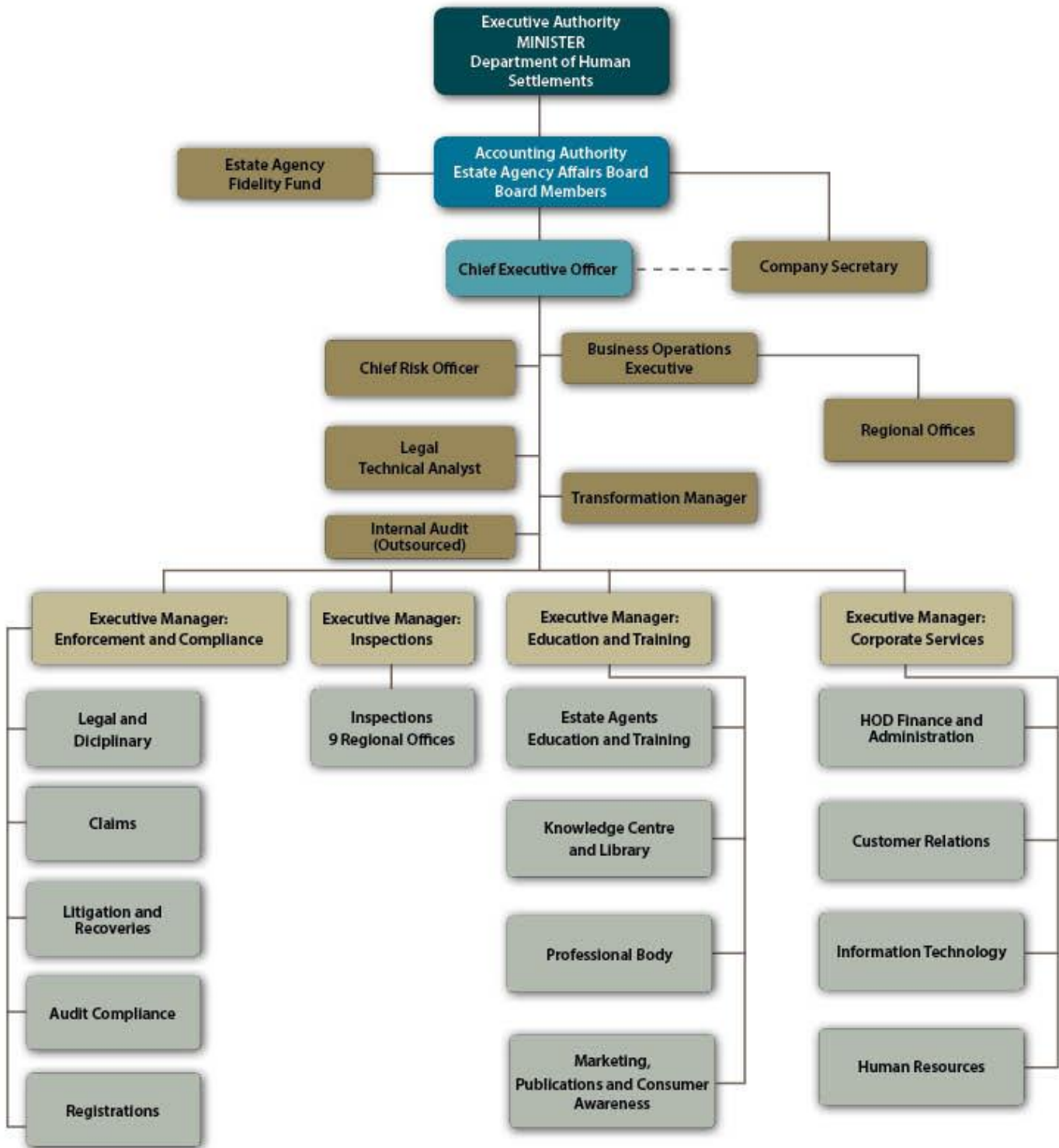
The African National Congress was again re-elected for a 5-year term at the 2014 elections. In a cabinet reshuffle President Zuma elect appointed the honourable Lindiwe Sisulu as the Minister of Human Settlements. The following key interventions which related to Estate Agency Affairs Board were raised by the Minister at the recent Budget Vote speech:

To build 1,5 million houses in partnership with the private sector, all stakeholders and communities, over the next five years.

The Estate Agency Affairs Board (EAAB) has been charged with prioritizing the eradication of the Title Deed Registration backlog. Further the Department of Human Settlements will collaborate with the Department of Rural Development and Land Reform and the Deeds Office by establishing a dedicated unit that will fast-track the issuing of Title Deeds to realise the value of the "dead assets" that are in the hands of our people.

The National Home Builders Registration Council (NHBRC) will establish and officially open a Training Academy in partnership with the Gordon Institute of Business Science. This will focus on up-skilling 100 women and the youth. In our discussions with the EAAB, they committed to train young, black candidate Estate Agents to revitalise the industry. The Academy established by the NHBRC will incorporate a training course on Estate Agents and other property practitioners.

## 8. Organisational Environment



## **Chief Executive Officer Office**

### **The Chief Executive Officer's office consists of the following:**

- Chief Executive Officer - responsible for stakeholder interaction and the operations of the organisation.
- Company Secretariat - responsible for the Board and Board committee functions and corporate governance compliance.
- Chief Risk Officer - responsible for corporate strategy and the Enterprise Risk Management of the organisation.
- Legal Technical Analyst - responsible for the implementation of, and changes to, the Property Practitioners Bill as well as overall legal cases involving the EAAB.
- Business Operations Executive - responsible for the operational efficiency and effectiveness of the organisation.
- Transformation Manager - responsible for the planning and implementation of initiatives to ensure that the real estate sector reflects the demographics of a democratic South Africa and, also, complies with the government-wide strategic imperative to ensure transformation and compliance with applicable legislative requirements.

## **Compliance Department**

The Compliance Department, inter alia, manages:

- complaints received from property consumers;
- disciplinary processes involving estate agents;
- claims lodged against the Fidelity Fund;
- compliance in relation to the submission of statutory auditor's reports by estate agency enterprises;
- the Registration Department which primarily manages:
  - the registration of estate agents;
  - the issuing of fidelity fund certificates to qualifying applicants; and
  - the maintenance of the EAAB database by ensuring that all information on the EAAB database is accurate, reliable and regularly updated.

This department, in addition, enforces statutory compliance with the provisions of the Estate Agency Affairs Act and the Financial Intelligence Centre Act as well as other legislation that impacts upon estate agents. The Compliance Department also institutes disciplinary and other legal, proceedings, against non-compliant estate agents and estate agency enterprises where good cause or reasonable grounds for doing so exist.

### **Inspections Department**

The Inspections Department assumes overall responsibility for the monitoring of compliance by estate agents, who operate in a regulated sector.

The Inspections Department, thus, ensures that corrective action is in place to monitor compliance by estate agents with the provisions of, inter alia:

- the Estate Agency Affairs Act;
- the Financial Intelligence Centre Act; and
- The South African Qualifications Authority Act.

The necessary monitoring processes need to be undertaken in all nine provinces. While many of the functions of this Department are currently outsourced, this is subject to review. It is envisaged that the Department will be fully resourced in terms of both finances and human resources, to effectively perform its mandate, in the near future.

### **Education and Training Department**

The Education and Training Department manages:

- education and training programmes and interventions for estate agents;
- the conduct of the Professional Designation Examination (PDE) for qualifying estate agents;
- the professionalisation of the estate agency sector and, in this respect, has been appointed as the professional body of the sector by the SA Qualifications Authority;
- the implementation of a Continuing Professional Development (“CPD”) programme for estate agents; and
- the assessment of applications made by qualifying estate agents for the grant of equivalency exemptions against both the NQF Level 4 and 5 real estate qualifications pursuant to the Board approved equivalency exemption matrices.
- The conduct of Consumer and Estate agents awareness programmes.

It is, furthermore, envisaged that a Knowledge Centre, falling under the Education and Training Department, will shortly be established to function as the custodian of real estate knowledge and research activities.

### **Corporate Services**

The Corporate Services unit provides functional support services to EAAB and, as such, includes:

- Financial Services and Procurement;
- Information and Communications Technology (“ICT”);
- Human Resource Management; and
- Customer Relations.

### **The Estate Agents Fidelity Fund**

The Estate Agents Fidelity Fund, which is controlled and managed by the EAAB, is used to protect consumers in cases where trust moneys have been stolen or otherwise misappropriated or improperly dealt with by estate agents. The Estate Agents Fidelity Fund, thus, protects members of the consuming public who might otherwise suffer severe pecuniary loss due to the improper dealings by estate agents of trust moneys.

### **The establishment of regional offices**

In order to improve accessibility and proximity, the EAAB is to establish regional offices in Durban, Bloemfontein, Port Elizabeth and Cape Town to enhance the effectiveness and the efficiency of the services that it offers

The services offered by the regional offices will include, in particular, the registration and the education and training of estate agents so as to ensure that a more effective and efficient service is provided to all stakeholders. The remaining EAAB functional departments will also be able more easily to be electronically accessed by stakeholders through the satellite offices.





## 9. Other EAAB initiatives

### Department of Human Settlement housing initiatives

The EAAB seeks to empower its own employees in terms of offering Department of Human Settlement products such as the Finance Linked Individual Subsidy Programme (FLISP) and affordable housing. This initiative will operate through interactions with NEHAWU. EAAB employees will be encouraged to own their own homes and, consequently, to receive benefits from Department of Human Settlements such as, for instance, the grant of a subsidy to assist homeowners who do not qualify to obtain a mortgage loan from a financial institution. Homeowners earning between R3 500 and R15 000 per month may qualify to receive a subsidy from the DHS, through the FLISP programme, and also secure assistance in the obtaining of a mortgage loan.

## 10. Transformation

Transformation within the property sector industry is one of the major imperatives of the Department of Human Settlements. The EAAB plans to incorporate transformation plans which contribute to the DHS transformation agenda.

The EAAB launched the “One Learner – One Estate Agency” initiative in April 2014. The launch was performed by the Minister of Department of Human Settlement with key players in the Estate Agents in support and media representatives present. “One Learner – One Estate Agency” is where each registered estate agency enterprise will be required to recruit, mentor and train at least one previously disadvantaged intern estate agent. The EAAB has subsequently received a number of pledges from estate agencies in this regard.

The EAAB, through the forceful implementation of this programme, plans to facilitate the employment of approximately 10 000 new interns over five year period, with some 2000 interns entering the real estate sector in the first year and the remaining 8 000 over a four year period.

Each intern estate agent will be put through a rigorous mentorship programme comprising:

- the initial registration with the EAAB of the recruit as an intern estate agent;
- the mentoring and training of the recruit by each estate agency enterprise in accordance with the mandatory educational requirements prescribed in the Standard of Training of Estate Agents Regulations, 2008, including the maintenance by the recruit of a compulsory intern logbook as prescribed by the EAAB and to be signed off by the principal on at least a monthly basis; and
- assisting the recruit to study for, and pass, the Professional Designation Examination for non-principal estate agents conducted by the EAAB.

This initiative will be operated in partnership with Services Seta who will assist the EAAB with the provisions of additional funding and other resources.



## 11. Overview of 2016/17 budget and MTEF estimates

### 11.1

### Statement of Financial Position

Statement of Financial Position	Notes	2013/14		2014/15		2015/16		2016/17	2017/18	2018/19
		Budget	Audited Outcome	Budget	Audited Outcome	Approved budget	Preliminary Outcome	Approved Budget	Budget estimate	Budget Estimate
<b>ASSETS</b>										
<b>Current assets</b>		<b>40 045</b>	<b>61 462</b>	<b>36 514</b>	<b>62 923</b>	<b>63 128</b>	<b>45 006</b>	<b>45 983</b>	<b>45 796</b>	<b>49 002</b>
Current investments	<a href="#">77</a>	-	-	-	-	49 061	-	-	19 835	21 223
Inventory	<a href="#">78</a>	579	364	619	129	309	138	148	252	270
Short term loans	<a href="#">79</a>	-	-	-	-	4 667	4 300	4 360	3 578	3 828
Accrued interest	<a href="#">80</a>	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	<a href="#">81</a>	12 121	3 940	12 969	2 272	1 817	2 432	2 602	2 061	2 205
Other receivables from non-exchange transactions, including taxes, fines and transfers	<a href="#">82</a>	-	21 868	-	12 497	-	-	-	-	-
Prepayments	<a href="#">83</a>	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	<a href="#">84</a>	27 345	33 935	22 925	48 024	7 274	38 137	38 874	20 070	21 475
Non-current assets held for sale	<a href="#">85</a>	-	-	-	-	-	-	-	-	-
Other current financial assets	<a href="#">86</a>	-	1 355	-	-	-	-	-	-	-
Derivatives financial instruments	<a href="#">90</a>	-	-	-	-	-	-	-	-	-
<b>Non-current assets</b>		<b>94 010</b>	<b>75 432</b>	<b>97 866</b>	<b>75 918</b>	<b>74 819</b>	<b>76 011</b>	<b>73 762</b>	<b>89 128</b>	<b>95 367</b>
Property, plant and equipment	<a href="#">64</a>	3 925	73 377	74 475	73 596	74 819	73 996	72 190	89 128	95 367
Intangible assets	<a href="#">65</a>	-	2 055	-	2 322	-	2 015	1 571	-	-
Biological assets	<a href="#">66</a>	-	-	-	-	-	-	-	-	-
Heritage assets	<a href="#">67</a>	-	-	-	-	-	-	-	-	-
Non-Current Investments	<a href="#">91</a>	87 551	-	20 679	-	-	-	-	-	-
Non-current receivables from exchange transactions	<a href="#">98</a>	-	-	-	-	-	-	-	-	-
Defined benefit plan assets	<a href="#">99</a>	2 535	-	2 712	-	-	-	-	-	-
Other non-current financial assets	<a href="#">100</a>	-	-	-	-	-	-	-	-	-
Derivatives financial instruments	<a href="#">90</a>	-	-	-	-	-	-	-	-	-
<b>Total assets</b>		<b>134 055</b>	<b>136 894</b>	<b>134 380</b>	<b>138 842</b>	<b>137 947</b>	<b>121 017</b>	<b>119745</b>	<b>134 924</b>	<b>144 369</b>

Statement of Financial Position	Notes	2013/14		2014/15		2015/16		2016/17	2017/18	2018/19
		Budget	Audited Outcome	Budget	Audited Outcome	Approved budget	Preliminary Outcome	Approved Budget	Budget estimate	Budget Estimate
<b>LIABILITIES</b>										
<b>Current liabilities</b>		<b>11 220</b>	<b>23 681</b>	<b>12 005</b>	<b>27 230</b>	<b>12 748</b>	<b>18 201</b>	<b>13 820</b>	<b>12 960</b>	<b>13 867</b>
Payments received in advance	<a href="#">102</a>	-	-	-	-	-	-	-	-	-
Trade and other payables from exchange transactions	<a href="#">103</a>	8 133	20 648	8 702	22 868	9 388	15 000	10 000	8 587	9 188
Benefits payable (for UIF only)	<a href="#">104</a>	-	-	-	-	-	-	-	-	-
Current provisions	<a href="#">109</a>	3 087	3 033	3 303	4 352	3 360	3 201	3 820	4 373	4 679
Leave		3 087	2 648	3 303	3 951	3 360	2 800	3 400	3 893	4 166
Severance		-	-	-	-	-	-	-	-	-
Provisions for outstanding claims		-	385	-	401	-	401	420	480	514
Bank overdraft	<a href="#">110</a>	-	-	-	-	-	-	-	-	-
Current portion of unspent conditional grants and receipts	<a href="#">111</a>	-	-	-	-	-	-	-	-	-
Derivatives financial instruments	<a href="#">120</a>	-	-	-	-	-	-	-	-	-
<b>Non-current liabilities</b>		<b>12 084</b>	<b>8 223</b>	<b>12 929</b>	<b>9 234</b>	<b>25 129</b>	<b>1 821</b>	<b>2 003</b>	<b>11 128</b>	<b>11 907</b>
Unspent conditional grants and receipts	<a href="#">121</a>	-	-	-	-	-	-	-	-	-
Other non-current financial liabilities	<a href="#">126</a>	-	-	-	-	-	-	-	-	-
Non-current provisions	<a href="#">127</a>	-	-	-	-	-	-	-	-	-
Defined benefit plan obligations	<a href="#">128</a>	12 084	8 223	12 929	9 234	25 129	1 821	2 003	11 128	11 907
Managed funds	<a href="#">131</a>	-	-	-	-	-	-	-	-	-
Derivatives financial instruments	<a href="#">132</a>	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>		<b>23 304</b>	<b>31 904</b>	<b>24 935</b>	<b>36 454</b>	<b>37 877</b>	<b>20 022</b>	<b>15 823</b>	<b>24 088</b>	<b>25 774</b>
<b>NET ASSETS</b>		<b>110 751</b>	<b>104 990</b>	<b>109 445</b>	<b>102 388</b>	<b>100 069</b>	<b>100 996</b>	<b>103 923</b>	<b>110 836</b>	<b>118 595</b>
Accumulated surplus / (deficit)	<a href="#">133</a>	100 976	104 990	109 445	102 388	100 069	100 996	103 923	110 836	118 595
Reserves	<a href="#">134</a>	9 775	-	-	-	-	-	-	-	-
Cash reserves		-	-	-	-	-	-	-	-	-
Non_cash reserves		9 775	-	-	-	-	-	-	-	-
Capital fund/ Deferred government grant	<a href="#">135</a>	-	-	-	-	-	-	-	-	-

Statement of Financial Position	Notes	2013/14		2014/15		2015/16		2016/17	2017/18	2018/19
		Budget	Audited Outcome	Budget	Audited Outcome	Approved budget	Preliminary Outcome	Approved Budget	Budget estimate	Budget Estimate
		Capitalised value of pensions (for Comp Fund only)	<a href="#">136</a>	-	-	-	-	-	-	-
<b>Total net assets and liabilities</b>		134 055	136 894	134 380	135 087	137 946	100 996	103 923	134 924	144 369
Contingent liabilities		-	-	-	-	-	-	-	-	-

## 11.2. Statement of Cash Flow

		The budget information (Medium term estimate) is done on (cash/accrual) basis:								
Cash flow data	Notes	2013/14		2014/15		2015/16		2016/17	2017/18	2018/19
		Budget	Audited Outcome	Budget	Audited Outcome	Approved budget	Preliminary Outcome	Approved Budget	Budget Estimate	Budget Estimate
R Thousand										
<b>Cash receipts from stakeholders</b>		91 692	77 798	98 110	93 974	104 083	131 069	130 808	135 513	144 999
<b>Tax receipts</b>		-	-	-	-	-	-	-	-	-
<b>Sales of goods and services other than capital assets</b>		85 516	77 798	91 503	93 974	102 405	131 069	130 808	133 246	142 573
Sales of goods and services produced by department (excl. capital assets)		85 516	77 798	91 503	93 974	102 405	131 069	130 808	133 246	142 573
Sales by market establishments		85 516	77 798	91 503	93 974	102 405	131 069	130 808	133 246	142 573
Administrative fees		-	-	-	-	-	-	-	-	-
Other sales		-	-	-	-	-	-	-	-	-
<b>Transfers received</b>		-	-	-	-	-	-	-	-	-
Social contributions		-	-	-	-	-	-	-	-	-
Other government units		-	-	-	-	-	-	-	-	-
Departmental transfers		-	-	-	-	-	-	-	-	-
Executive Authority ( e.g. Health)		-	-	-	-	-	-	-	-	-
Local governments		-	-	-	-	-	-	-	-	-
Higher education institutions		-	-	-	-	-	-	-	-	-
<b>Fines, penalties and forfeits</b>		-	-	-	-	-	-	-	-	-
<b>Interest and rent on land</b>		6 175	2 879	6 607	1 568	1 678	1 968	2 110	2 268	2 426
Interest		6 175	2 879	6 607	2 487	1 678	1 968	2 110	2 268	2 426
<b>Unclassified revenue</b>		-	-	-	-	-	-	-	-	-
<b>Tax benefit</b>		-	-	-	-	-	-	-	-	-
<b>Outside shareholders interest</b>		-	-	-	-	-	-	-	-	-

Cash paid to stakeholders		82 769	79 572	89 484	94 261	110 087	129 931	127 603	124 020	132 702
<b>Cash flow from operating activities</b>		<b>8 922</b>	<b>1 106</b>	<b>6 976</b>	<b>3 003</b>	<b>(6 005)</b>	<b>1 138</b>	<b>3 205</b>	<b>11 493</b>	<b>12 298</b>
<b>Cash flow from advancing activities (Financial Institutions only)</b>		-	-	-	-	-	-	-	-	-
Loan disbursements		-	-	-	-	-	-	-	-	-
Loan principal repayments		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Cash flow from investing activities</b>		<b>14 500</b>	<b>(52 270)</b>	<b>7 113</b>	<b>(5 348)</b>	<b>(1 450)</b>	<b>(259)</b>	<b>(4650)</b>	<b>(1 300)</b>	<b>(1 300)</b>
Acquisition of property, plant, equipment & intangible assets		(7 729)	(73 546)	(2 694)	(5 348)	(1 450)	(3 064)	(1 650)	(1 300)	(1 300)
Buildings: residential	<a href="#">68</a>	-	-	-	-	-	-	-	-	-
Buildings: non-residential	<a href="#">69</a>	-	(72 796)	(646)	(1 000)	(500)	(1 651)	(1 000)	(500)	(500)
Other fixed structures	<a href="#">70</a>	-	-	-	(2 000)	(100)	-	-	(100)	(100)
Investment property	<a href="#">71</a>	-	-	-	-	-	-	-	-	-
Transport equipment	<a href="#">72</a>	-	-	-	-	-	-	-	-	-
Furniture and office equipment	<a href="#">73</a>	(229)	(186)	(193)	(300)	(100)	(600)	(200)	(100)	(100)
Other machinery and equipment	<a href="#">73</a>	(268)	(564)	(1 854)	(100)	(100)	(813)	(450)	(100)	(100)
Heritage assets	<a href="#">74</a>	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures		-	-	-	-	-	-	-	-	-
Other than buildings and fixed structures		-	-	-	-	-	-	-	-	-
Biological assets	<a href="#">66</a>	-	-	-	-	-	-	-	-	-
Software and other intangible assets	<a href="#">75</a>	(995)	(532)	(1 053)	(1 200)	(500)	(548)	(1 000)	(350)	(350)
Land & subsoil assets	<a href="#">76</a>	(299)	-	-	-	-	-	-	-	-
Computer equipment	<a href="#">73</a>	(5 939)	-	-	(748)	(150)	-	-	(150)	(150)
Other flows from Investing Activities		22 229	-	-	-	-	-	-	-	-
Domestic		22 229	-	-	-	-	-	-	-	-
long term investments		(4 433)	-	-	-	-	-	-	-	-
Proceeds from sale of property, plant, equipment & intangible assets		27 820	-	-	-	-	-	-	-	-
Sale of other assets		-	-	-	-	-	-	-	-	-
Other		(1 158)	-	-	-	-	-	-	-	-
<b>Cash flow from financing activities</b>		<b>(85)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 413)</b>	<b>182</b>	<b>-</b>	<b>-</b>
Foreign		-	-	-	-	-	-	-	-	-
Repayment of finance leases		(85)	-	-	-	-	-	-	-	-



Other (e.g. issuance of shares, revaluations)
<b>Net increase / (decrease) in cash and cash equivalents</b>

-	-	-	-	-	(7 413)	182	-	-
23 337	(51 164)	14 087	(2 345)	(7 455)	(6 535)	(1 262)	10 193	10 998

## 11.2 Statement of Financial Performance – Estate Agency Affairs Board

### THE ESTATE AGENCY AFFAIRS BOARD PROJECTED INCOME AND EXPENDITURE BUDGET FOR THE YEAR ENDING 31 MARCH 2017

		2014/2015 Budget	2014/2015 Actual	2015/2016 Forecast	2016/2017 Budget	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
<b>Turnover</b>		<b>97 264 091</b>	<b>94 682 393</b>	<b>123 039 608</b>	<b>131 048 339</b>	<b>140 221 723</b>	<b>150 037 243</b>	<b>160 539 850</b>
<i>FFC Renewals</i>	<b>1.1.</b>	<i>23 626 602</i>	<i>14 647 056</i>	<i>16 193 042</i>	<i>27 092 453</i>	<i>28 988 924</i>	<i>31 018 149</i>	<i>33 189 420</i>
Principals		14 320 800	6 477 970	7 569 960	9 034 800	9 667 236	10 343 943	11 068 018
Full Status		6 431 610	4 159 475	4 586 779	5 953 230	6 369 956	6 815 853	7 292 963
Intern Estate Agents		2 860 032	3 994 216	4 017 050	3 670 253	3 927 170	4 202 072	4 496 218
Attorneys		14 160	15 396	19 253	34 170	36 562	39 121	41 860
Firms		-	-	-	8 400 000	8 988 000	9 617 160	10 290 361
<i>New Registrations</i>	<b>1.2</b>	<i>3 532 336</i>	<i>2 898 827</i>	<i>3 268 725</i>	<i>3 667 697</i>	<i>3 924 436</i>	<i>4 199 146</i>	<i>4 493 087</i>
Principals		246 000	136 419	207 677	8 900	9 523	10 190	10 903
Non-Principal		2 345 386	2 324 842	2 281 908	2 250 114	2 407 622	2 576 155	2 756 486
Status Change		940 950	437 566	779 140	767 883	821 635	879 150	940 690
Firms		-	-	-	640 800	685 656	733 652	785 008
<i>Examinations</i>	<b>1.3</b>	<i>5 952 500</i>	<i>11 629 566</i>	<i>43 595 590</i>	<i>33 489 300</i>	<i>35 833 551</i>	<i>38 341 900</i>	<i>41 025 833</i>
Examination Fees		1 151 000	855 730	1 737 920	1 590 000	1 701 300	1 820 391	1 947 818
Sales -Study Guides		1 310 000	506 575	591 506	274 800	294 036	314 619	336 642
Over 60's exemptions		839 500	226 495	501 600	880 000	941 600	1 007 512	1 078 038
CPD Fees		70 000	9 451 500	39 579 024	29 202 500	31 246 675	33 433 942	35 774 318
Equivalency exemptions		1 150 000	576 316	739 340	690 000	738 300	789 981	845 280
Appeals on Examination Results		1 432 000	12 950	56 200	72 000	77 040	82 433	88 203
Professional Designation Retention Fee		-	-	350 000	700 000	749 000	801 430	857 530
Disability and Impairment exemption		-	-	40 000	80 000	85 600	91 592	98 003
<i>Interest Income</i>	<b>1.4.</b>	<i>1 568 205</i>	<i>2 486 842</i>	<i>1 968 343</i>	<i>2 209 851</i>	<i>2 364 540</i>	<i>2 530 058</i>	<i>2 707 162</i>

Interest on Investments	1 562 213	1 847 904	1 928 944	2 167 694	2 319 432	2 481 792	2 655 518	
Interest Other	5 992	638 938	39 399	42 157	45 108	48 265	51 644	
<b>Other Income</b>	<b>1.5</b>	<b>62 584 448</b>	<b>63 020 103</b>	<b>58 013 908</b>	<b>64 589 038</b>	<b>69 110 271</b>	<b>73 947 990</b>	<b>79 124 349</b>
Administration Fees	52 343 919	51 409 176	51 586 968	52 272 013	55 931 054	59 846 228	64 035 464	
Penalties	532 952	1 010 000	298 676	1 080 700	1 156 349	1 237 293	1 323 904	
Fines	6 250 000	5 549 952	2 400 000	7 500 000	8 025 000	8 586 750	9 187 823	
Delivery charges	69 148	39 095	48 565	41 832	44 760	47 893	51 246	
Legal document charges	49 376	74 112	34 128	79 300	84 851	90 790	97 146	
Sundry income	-	1 586 392	148 078	-	-	-	-	
Profit on sale of assets	-	110 557	460	-	-	-	-	
Royalties	-	12 800	5 700	-	-	-	-	
Advertising Fees	170 238	329 800	89 730	352 886	377 588	404 019	432 301	
Dividend received	-	-	-	-	-	-	-	
Penalties - Auditors Reports	-	-	-	-	-	-	-	
Duplicate and Amendments - FFC	681 509	863 608	793 684	924 061	988 745	1 057 957	1 132 014	
Duplicate Exam Certificate & Analysis	137 524	1 750	7 919	1 873	2 004	2 144	2 294	
Rental Income	2 349 782	2 002 262	2 600 000	2 336 375	2 499 921	2 674 915	2 862 159	
Other	-	30 600	-	-	-	-	-	
<b>Operating costs</b>	<b>97 014 550</b>	<b>97 284 805</b>	<b>124 431 885</b>	<b>128 121 150</b>	<b>137 097 130</b>	<b>146 702 179</b>	<b>156 980 407</b>	
<b>Admin expense</b>	<b>2.1</b>	<b>31 636 300</b>	<b>36 018 002</b>	<b>50 234 963</b>	<b>42 083 131</b>	<b>45 028 950</b>	<b>48 180 977</b>	<b>51 553 645</b>
Venue Hire	200 000	196 739	7 000 000	4 238 672	4 535 379	4 852 856	5 192 555	
Markers' Fees	130 000	107 620	-	-	-	-	-	
COS - NQF 4 & 5	310 000	232 304	284 592	400 000	428 000	457 960	490 017	
Impairment Loss	-	8 954	-	-	-	-	-	
Assets expensed	-	4 992	24 219	-	-	-	-	
Invigilators' and Markers Fees	40 000	18 180	100 000	316 000	338 120	361 788	387 114	
Venues, Conferences and Breakaways	795 000	40 098	58 660	137 000	146 590	156 851	167 831	
Staff Training and development	610 000	897 655	686 068	1 531 550	1 638 759	1 753 472	1 876 215	
Corporate Social Investments	90 000	-	20 000	50 000	53 500	57 245	61 252	

Bursaries	720 000	1 028 539	882 340	1 513 000	1 618 910	1 732 234	1 853 490
Software License	750 000	931 541	648 564	569 233	609 080	651 715	697 335
Hardware Maintenance	100 000	80 517	52 594	250 000	267 500	286 225	306 261
Software Maintenance	565 000	34 940	354 202	314 000	335 980	359 499	384 664
Publication and Communication	505 000	354 714	176 381	843 000	902 010	965 151	1 032 711
Insurance	200 200	147 763	789 382	763 941	817 417	874 637	935 861
Provision for doubtful debts	-	1 601 857	591 345	-	-	-	-
Postages	547 000	307 295	768 244	423 517	453 163	484 884	518 826
Stationery and Printing	1 254 000	1 281 785	1 400 816	1 207 235	1 291 742	1 382 164	1 478 915
Travelling expenses	3 780 000	4 366 337	4 305 022	3 301 858	3 532 988	3 780 297	4 044 918
Bank Charge	520 000	557 286	704 269	724 000	774 680	828 908	886 931
Auditors Remuneration - Current Year	1 050 000	1 046 482	922 117	1 070 000	1 144 900	1 225 043	1 310 796
Internal Audit Fees	650 000	586 508	463 616	686 940	735 026	786 478	841 531
Telephone and Telex	2 140 000	2 804 707	2 655 303	2 351 814	2 516 441	2 692 592	2 881 073
Photo-copier charges	255 000	306 278	250 542	270 111	289 019	309 250	330 897
Entertainment	50 000	9 452	38 131	133 000	142 310	152 272	162 931
Catering and Refreshments	451 000	386 099	613 919	392 397	419 865	449 256	480 703
Nestle Equipment Rentals Garden and Plant Maintenance	5 600	5 219	5 578	6 798	7 274	7 783	8 328
Subscriptions	140 000	163 999	235 188	200 000	214 000	228 980	245 009
Sundry expenses	198 000	209 875	239 258	423 322	452 955	484 662	518 588
Office Cleaning	-	1 418	164	-	-	-	-
Rates and Taxes Office Building	345 000	401 004	395 818	531 500	568 705	608 514	651 110
RSC Levies	900 000	1 104 285	904 156	900 000	963 000	1 030 410	1 102 539
Repairs and Maintenance Building	300 000	207 000	-	-	-	-	-
Security Costs	1 080 000	1 113 996	1 049 620	900 000	963 000	1 030 410	1 102 539
Water and Electricity	678 500	735 702	682 139	720 000	770 400	824 328	882 031
Licencing and Insurance	585 000	638 262	688 308	815 150	872 211	933 265	998 594
Repairs and Maintenance Vehicle	2 000	-	1 062	2 000	2 140	2 290	2 450
Repairs & Maintenance Furniture & Equipment	35 000	38 397	73 471	62 800	67 196	71 900	76 933
	70 000	67 187	45 743	66 355	71 000	75 970	81 288

Promotion and Marketing	170 000	53 842	438 056	310 600	332 342	355 606	380 498
Advertising	210 000	38 372	162 062	135 367	144 843	154 982	165 831
Consultants Fees	4 632 000	6 923 848	2 140 720	1 749 912	1 872 406	2 003 474	2 143 717
Corporate Gifts	220 000	191 802	126 090	250 000	267 500	286 225	306 261
Call Center	3 500 000	3 388 700	2 643 596	3 472 863	3 715 963	3 976 081	4 254 406
CPD Expenses	100 000	185 850	13 093 692	5 150 000	5 510 500	5 896 235	6 308 971
Depreciation - Office furniture	100 000	115 212	164 896	179 226	191 772	205 196	219 560
Depreciation - Office Equipment	250 000	432 104	435 493	677 360	724 775	775 509	829 795
Depreciation - Computer equipment	270 000	390 845	493 130	810 448	867 179	927 882	992 834
Depreciation - Motor Vehicles	36 000	62 293	111 103	112 672	120 559	128 998	138 028
Depreciation - Library Materials	-	-	-	13 333	14 267	15 265	16 334
Depreciation - Buildings	1 159 000	1 425 340	1 459 889	1 475 418	1 578 697	1 689 206	1 807 450
Amortisation - Software	770 000	674 431	673 324	1 434 370	1 534 776	1 642 210	1 757 165
Amortisation - Intellectual Property	168 000	110 377	182 081	196 367	210 113	224 821	240 559
<i>Other operating expense</i>	<i>1 551 000</i>	<i>980 289</i>	<i>784 517</i>	<i>1 558 065</i>	<i>1 674 630</i>	<i>1 800 104</i>	<i>1 935 186</i>
Disciplinary costs	941 000	232 674	546 364	708 065	757 630	810 664	867 411
Loss on sale of assets	-	18 859	-	-	-	-	-
Rental - Leased Building	-	-	-	250 000	275 000	302 500	332 750
Legal Costs	610 000	728 756	238 153	600 000	642 000	686 940	735 026
<i>Staff costs</i>	<b>2.2.</b> <i>62 117 250</i>	<i>58 288 762</i>	<i>70 805 236</i>	<i>81 788 770</i>	<i>87 513 984</i>	<i>93 639 963</i>	<i>100 194 761</i>
Salaries and Wages	41 836 557	39 111 288	48 072 545	58 147 511	62 217 837	66 573 086	71 233 202
Overtime Expenses	226 372	20 829	103 442	101 750	108 873	116 494	124 648
13th Cheque	3 106 893	2 641 058	3 868 612	2 532 076	2 709 321	2 898 974	3 101 902
Performance awards	1 447 338	-	1 676 876	2 262 513	2 420 889	2 590 351	2 771 675
Long service awards	250 000	95 000	65 000	60 000	64 200	68 694	73 503
Housing Allowances	-	-	-	1 300 000	1 391 000	1 488 370	1 592 556
Car Allowance	1 406 404	1 546 763	1 975 410	2 430 551	2 600 689	2 782 738	2 977 529
Pension Fund Contributions	8 001 563	4 447 761	8 082 667	8 589 874	9 191 165	9 834 547	10 522 965
U.I.F Contributions	189 437	174 001	206 927	206 699	221 168	236 649	253 215
Medical Aid Contributions	4 320 519	4 373 128	4 861 153	5 380 995	5 757 664	6 160 701	6 591 950

Skills Development Levies		432 167	469 817	535 333	562 803	602 199	644 353	689 457
Recruitment and Selection		900 000	992 688	255 952	214 000	228 980	245 009	262 159
Leave Pay		-	1 791 428	1 101 319	-	-	-	-
Actuarial gain		-	2 014 000	-	-	-	-	-
Valuation Service and Interest Costs		-	611 000	-	-	-	-	-
<b>Board Members Remuneration</b>	<b>2.3</b>	<b>1 710 000</b>	<b>1 997 751</b>	<b>2 607 169</b>	<b>2 691 183</b>	<b>2 879 566</b>	<b>3 081 136</b>	<b>3 296 815</b>
Travelling Allowance		70 000	81 734	256 380	152 331	162 994	174 404	186 612
Board Members Remuneration		1 620 000	1 916 017	2 350 789	2 538 852	2 716 572	2 906 732	3 110 203
Skills Development Levy		20 000	-	-	-	-	-	-
<b>Total Operating Costs</b>		<b>97 014 550</b>	<b>97 284 805</b>	<b>124 431 885</b>	<b>128 121 150</b>	<b>137 097 130</b>	<b>146 702 179</b>	<b>156 980 407</b>
<b>Surplus/(Deficit) before CAPEX</b>		<b>249 541</b>	<b>(2 602 410)</b>	<b>(1 392 277)</b>	<b>2 927 189</b>	<b>3 124 592</b>	<b>3 335 064</b>	<b>3 559 443</b>
<b>Capital Expenditure</b>	<b>3</b>	<b>5 348 000</b>	<b>3 746 232</b>	<b>3 612 667</b>	<b>2 650 000</b>	<b>1 450 000</b>	<b>1 300 000</b>	<b>1 300 000</b>
Office Furniture		300 000	192 616	406 570	100 000	100 000	100 000	100 000
Office Equipment		800 000	782 035	193 511	100 000	100 000	100 000	100 000
Software		1 200 000	1 052 679	548 174	800 000	500 000	350 000	350 000
Intellectual Property - Education Materials		-	-	-	200 000	-	-	-
Motor Vehicles		520 000	511 479	30 000	50 000	-	-	-
Computers		548 000	560 947	782 858	200 000	150 000	150 000	150 000
Library Materials		980 000	-	-	200 000	100 000	100 000	100 000
Land and Buildings		1 000 000	646 475	1 651 554	1 000 000	500 000	500 000	500 000
<b>Surplus/(Deficit) after CAPEX</b>		<b>(5 098 459)</b>	<b>(6 348 642)</b>	<b>(5 004 944)</b>	<b>277 189</b>	<b>1 674 592</b>	<b>2 035 064</b>	<b>2 259 443</b>

## **Narratives – Estate Agency Affairs Board**

### **Revenue**

#### **Fidelity Fund Certificate Renewals**

Overall renewals are expected to increase by 67%. This is mainly due to the following reasons:

- Proposed increase of 40% on estate agents levies, except for the intern estate agents which will be kept at the current amount to encourage new entrants into the profession; and
- Firms being required to pay a renewal fee for its certificate. Firms currently obtain Fidelity Fund Certificates by virtue of a renewal fee by the principal.

#### **New Fidelity Fund Certificate Registrations**

New registrations occur anytime throughout the financial year. Overall new registrations are expected to increase by 12% due to the following reasons due to new firms now having to pay a levy.

#### **Professional Designation Examinations and Training**

It is envisaged that 1 200 and 600 candidates will sit for PDE4 and PDE5 examinations respectively in the 2015/2016 financial year; while just over 13 500 estate agents are expected to undergo continuing professional development.

#### **Interest income**

Interest on investments is expected to remain constant at an average of 6.5%.

#### **Administration fee**

The administration fee will remain at 9% yearly. This fee is charged by the Estate Agency Affairs Board for the management and control of the Fidelity Fund.

### **Expenses**

The overall operating expenditure is expected to increase by 11%. This is mainly due to the following reasons:

- General inflation estimated at 7%; and
- Filling of vacancies.

#### **Administration costs**

Administration costs are budgeted at a total of R42.0 million for 2016/17, which is 16% decrease from the 2015/16 forecast. This is mainly due to the fact that in 2015/2016 there was new implementation of CPD programme which will be costs of which will be reduces due to the introduction of e-learning, which will reduce the number of CPD training events and the related costs.

### Compensation of employees

Staff costs were budgeted at a total of R81.8 million for 2016/17, which is an increase of 16% from the 2015/16 forecast figures. The following assumptions have been made:

- Inflationary increase of 7%; and
- All vacancies expected to be filled at the beginning of the financial year including those at regional centres; and
- Regional centre in Western Cape at a total cost of R4.8 million per annum to be established.



	2016/2017 Budget	QUARTERLY TARGETS			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Turnover</b>	<b>131 048 339</b>	<b>19 471 865</b>	<b>26 240 479</b>	<b>34 019 840</b>	<b>51 316 154</b>
<i>FFC Renewals</i>	27 092 453	783 519	7 552 132	15 331 494	3 425 307
Principals	9 034 800	344 297	3 058 731	4 439 114	1 192 658
Full Status	5 953 230	144 767	1 556 379	3 571 101	680 981
Intern Estate Agents	3 670 253	86 552	737 337	2 274 461	571 902
Attorneys	34 170	3 636	3 636	7 997	18 902
Firms	8 400 000	204 267	2 196 049	5 038 820	960 864
<i>New Registrations</i>	3 667 697	916 924	916 924	916 924	916 924
Principals	8 900	2 225	2 225	2 225	2 225
Non-Principal	2 250 114	562 528	562 528	562 528	562 528
Status Change	767 883	191 971	191 971	191 971	191 971
Firms	640 800	160 200	160 200	160 200	160 200
<i>Examinations</i>	33 489 300	1 071 700	1 071 700	1 071 700	30 274 200
Examination Fees	1 590 000	397 500	397 500	397 500	397 500
Sales -Study Guides	274 800	68 700	68 700	68 700	68 700
Over 60's exemptions	880 000	220 000	220 000	220 000	220 000
CPD Fees	29 202 500	-	-	-	29 202 500
Equivalency exemptions	690 000	172 500	172 500	172 500	172 500
Appeals on Examination Results	72 000	18 000	18 000	18 000	18 000
Professional Designation Retention Fee	700 000	175 000	175 000	175 000	175 000
Disability and Impairment exemption	80 000	20 000	20 000	20 000	20 000
<i>Interest Income</i>	2 209 851	552 463	552 463	552 463	552 463
Interest on Investments	2 167 694	541 923	541 923	541 923	541 923
Interest Other	42 157	10 539	10 539	10 539	10 539
<i>Other Income</i>	64 589 038	16 147 260	16 147 260	16 147 260	16 147 260
Administration Fees	52 272 013	13 068 003	13 068 003	13 068 003	13 068 003
Penalties	1 080 700	270 175	270 175	270 175	270 175
Fines	7 500 000	1 875 000	1 875 000	1 875 000	1 875 000
Delivery charges	41 832	10 458	10 458	10 458	10 458
Legal document charges	79 300	19 825	19 825	19 825	19 825
Advertising Fees	352 886	88 222	88 222	88 222	88 222
Duplicate and Amendments - FFC	924 061	231 015	231 015	231 015	231 015
Duplicate Exam Certificate & Analysis	1 873	468	468	468	468
Rental Income	2 336 375	584 094	584 094	584 094	584 094
<b>Operating costs</b>	<b>128 121 150</b>	<b>32 030 287</b>	<b>32 030 287</b>	<b>32 030 287</b>	<b>32 030 287</b>
<i>Admin expense</i>	42 083 131	10 520 783	10 520 783	10 520 783	10 520 783
Venue Hire	4 238 672	1 059 668	1 059 668	1 059 668	1 059 668
COS - NQF 4 & 5	400 000	100 000	100 000	100 000	100 000
Invigilators' and Markers Fees	316 000	79 000	79 000	79 000	79 000

Venues, Conferences and Breakaways	137 000	34 250	34 250	34 250	34 250
Staff Training and development	1 531 550	382 888	382 888	382 888	382 888
Corporate Social Investments	50 000	12 500	12 500	12 500	12 500
Bursaries	1 513 000	378 250	378 250	378 250	378 250
Software License	569 233	142 308	142 308	142 308	142 308
Hardware Maintenance	250 000	62 500	62 500	62 500	62 500
Software Maintenance	314 000	78 500	78 500	78 500	78 500
Publication and Communication	843 000	210 750	210 750	210 750	210 750
Insurance	763 941	190 985	190 985	190 985	190 985
Postages	423 517	105 879	105 879	105 879	105 879
Stationery and Printing	1 207 235	301 809	301 809	301 809	301 809
Travelling expenses	3 301 858	825 464	825 464	825 464	825 464
Bank Charge	724 000	181 000	181 000	181 000	181 000
Auditors Remuneration - Current Year	1 070 000	267 500	267 500	267 500	267 500
Internal Audit Fees	686 940	171 735	171 735	171 735	171 735
Telephone and Telex	2 351 814	587 953	587 953	587 953	587 953
Photo-copier charges	270 111	67 528	67 528	67 528	67 528
Entertainment	133 000	33 250	33 250	33 250	33 250
Catering and Refreshments	392 397	98 099	98 099	98 099	98 099
Nestle Equipment Rentals	6 798	1 700	1 700	1 700	1 700
Garden and Plant Maintenance	200 000	50 000	50 000	50 000	50 000
Subscriptions	423 322	105 831	105 831	105 831	105 831
Office Cleaning	531 500	132 875	132 875	132 875	132 875
Rates and Taxes Office Building	900 000	225 000	225 000	225 000	225 000
Repairs and Maintenance Building	900 000	225 000	225 000	225 000	225 000
Security Costs	720 000	180 000	180 000	180 000	180 000
Water and Electricity	815 150	203 788	203 788	203 788	203 788
Licencing and Insurance	2 000	500	500	500	500
Repairs and Maintenance Vehicle	62 800	15 700	15 700	15 700	15 700
Repairs & Maintenance Furniture & Equipment	66 355	16 589	16 589	16 589	16 589
Promotion and Marketing Advertising	310 600	77 650	77 650	77 650	77 650
Advertising	135 367	33 842	33 842	33 842	33 842
Consultants Fees	1 749 912	437 478	437 478	437 478	437 478
Corporate Gifts	250 000	62 500	62 500	62 500	62 500
Call Center	3 472 863	868 216	868 216	868 216	868 216
CPD Expenses	5 150 000	1 287 500	1 287 500	1 287 500	1 287 500
Depreciation - Office furniture	179 226	44 807	44 807	44 807	44 807
Depreciation - Office Equipment	677 360	169 340	169 340	169 340	169 340
Depreciation - Computer equipment	810 448	202 612	202 612	202 612	202 612
Depreciation - Motor Vehicles	112 672	28 168	28 168	28 168	28 168
Depreciation - Library	13 333	3 333	3 333	3 333	3 333

Materials					
Depreciation - Buildings	1 475 418	368 854	368 854	368 854	368 854
Amortisation - Software	1 434 370	358 593	358 593	358 593	358 593
Amortisation - Intellectual Property	196 367	49 092	49 092	49 092	49 092
<i>Other operating expense</i>	<i>1 558 065</i>	<i>389 516</i>	<i>389 516</i>	<i>389 516</i>	<i>389 516</i>
Disciplinary costs	708 065	177 016	177 016	177 016	177 016
Rental - Leased Building	250 000	62 500	62 500	62 500	62 500
Legal Costs	600 000	150 000	150 000	150 000	150 000
<i>Staff costs</i>	<i>81 788 770</i>	<i>20 447 193</i>	<i>20 447 193</i>	<i>20 447 193</i>	<i>20 447 193</i>
Salaries and Wages	58 147 511	14 536 878	14 536 878	14 536 878	14 536 878
Overtime Expenses	101 750	25 438	25 438	25 438	25 438
13th Cheque	2 532 076	633 019	633 019	633 019	633 019
Performance awards	2 262 513	565 628	565 628	565 628	565 628
Long service awards	60 000	15 000	15 000	15 000	15 000
Housing Allowances	1 300 000	325 000	325 000	325 000	325 000
Car Allowance	2 430 551	607 638	607 638	607 638	607 638
Pension Fund Contributions	8 589 874	2 147 468	2 147 468	2 147 468	2 147 468
U.I.F Contributions	206 699	51 675	51 675	51 675	51 675
Medical Aid Contributions	5 380 995	1 345 249	1 345 249	1 345 249	1 345 249
Skills Development Levies	562 803	140 701	140 701	140 701	140 701
Recruitment and Selection	214 000	53 500	53 500	53 500	53 500
<i>Board Members Remuneration</i>	<i>2 691 183</i>	<i>672 796</i>	<i>672 796</i>	<i>672 796</i>	<i>672 796</i>
Travelling Allowance Board Members	152 331	38 083	38 083	38 083	38 083
Remuneration	2 538 852	634 713	634 713	634 713	634 713
<b>Total Operating Costs</b>	<b>128 121 150</b>	<b>32 030 287</b>	<b>32 030 287</b>	<b>32 030 287</b>	<b>32 030 287</b>
<b>Surplus/(Deficit) before CAPEX</b>	<b>2 927 189</b>	<b>-12 558 422</b>	<b>-5 789 809</b>	<b>1 989 553</b>	<b>19 285 866</b>
<b>Capital Expenditure</b>	<b>2 650 000</b>	<b>662 500</b>	<b>662 500</b>	<b>662 500</b>	<b>662 500</b>
Office Furniture	100 000	25 000	25 000	25 000	25 000
Office Equipment	100 000	25 000	25 000	25 000	25 000
Software	800 000	200 000	200 000	200 000	200 000
Intellectual Property - Education Materials	200 000	50 000	50 000	50 000	50 000
Motor Vehicles	50 000	12 500	12 500	12 500	12 500
Computers	200 000	50 000	50 000	50 000	50 000
Library Materials	200 000	50 000	50 000	50 000	50 000
Land and Buildings	1 000 000	250 000	250 000	250 000	250 000
<b>Surplus/(Deficit) after CAPEX</b>	<b>277 189</b>	<b>(13 220 922)</b>	<b>(6 452 309)</b>	<b>1 327 053</b>	<b>18 623 366</b>

### 11.3 Statement of Financial Performance – Estate Agents Fidelity Fund

#### INCOME AND EXPENDITURE BUDGET - 2016/17

			MTEF				
			Forecast 2015/16	Budget 2016/17	2017/18	2018/19	2019/20
<b>Revenue</b>			<b>78 872 905</b>	<b>77 052 790</b>	<b>82 446 485</b>	<b>88 217 739</b>	<b>94 392 981</b>
Contributions Board			1 760 058	1 475 949	1 579 265	1 689 814	1 808 101
Contributions	1.1.		1 760 058	1 475 949	1 579 265	1 689 814	1 808 101
Interest			63 443 703	58 690 116	62 798 424	67 194 314	71 897 916
Agent interest	1.2.		32 425 681	27 494 681	29 419 309	31 478 660	33 682 166
Interest on Investments	1.3.		30 705 805	30 687 322	32 835 434	35 133 915	37 593 289
Interest Other			312 217	508 113	543 681	581 739	622 460
Other Income			13 669 144	16 886 725	18 068 796	19 333 612	20 686 965
Claims Recoveries			4 238 336	5 000 000	5 350 000	5 724 500	6 125 215
Fair Value Adjustments			9 430 808	11 886 725	12 718 796	13 609 112	14 561 750
<b>Operating costs</b>			<b>67 376 383</b>	<b>71 768 354</b>	<b>76 792 139</b>	<b>82 167 589</b>	<b>87 919 320</b>
Bank Charges			36 181	64 200	68 694	73 503	78 648
Claims Paid			4 238 336	5 000 000	5 350 000	5 724 500	6 125 215
Management Fees			51 586 968	52 272 013	55 931 054	59 846 228	64 035 464
Provision for bad debts	1.2.		2 265 259	3 010 000	3 434 700	3 675 129	3 932 388
Interest expense			360 813	772 141	826 191	884 024	945 906
Consumer Education Awareness			1 929 753	3 745 000	4 007 150	4 287 651	4 587 786
Stakeholder Awareness			1 067 819	1 298 000	1 602 860	1 715 060	1 835 114
Transformation initiatives			1 000 000	1 000 000	535 000	572 450	612 522
Insurance			50 000	107 000	114 490	122 504	131 080
Publications - Agent Magazine			560 170	500 000	642 000	686 940	735 026
Legal fees			4 281 084	2 000 000	4 280 000	4 579 600	4 900 172
<b>Surplus</b>			<b>11 496 522</b>	<b>5 284 436</b>	<b>5 654 347</b>	<b>6 050 151</b>	<b>6 473 661</b>

The Estate Agents Fidelity Fund

Projected Balance Sheet

as at 31 March 2017

	Forecast Mar-16	Budget Mar-17
<b>Assets</b>		
<b>Non current asset</b>	<b>131 510 728</b>	<b>130 716 479</b>
Investments	131 510 728	130 716 479
<b>Current asset</b>	<b>471 824 352</b>	<b>482 010 760</b>
Investments	457 286 272	459 070 172
Bank and Cash	1 899 408	9 417 209
Trade and Other Receivables	12 638 672	13 523 379
<b>Total Assets</b>	<b>603 335 081</b>	<b>612 727 239</b>
<b>Liabilities &amp; Equity</b>		
<b>Capital and Reserves</b>	<b>585 731 146</b>	<b>591 015 582</b>
Accumulated Funds	585 731 146	591 015 582
<b>Liabilities</b>	<b>17 603 935</b>	<b>21 711 657</b>
<b>Current Liability</b>	<b>17 603 935</b>	<b>21 711 657</b>
Provisions	1 336 475	4 546 475
Trade & Other Payables	11 967 460	12 805 182
Loan Fund	4 300 000	4 360 000
<b>Total Liabilities &amp; Equity</b>	<b>603 335 081</b>	<b>612 727 239</b>

The budget information (Medium term estimate) is done on (cash/accrual) basis:										
Cash flow data R Thousand	Notes	2013/14		2014/15		2015/16		2016/17	2017/18	2018/19
		Budget	Audited Outcome	Budget	Audited outcome	Approved budget	Preliminary outcome	Budget estimate	Budget estimate	Planning Budget Estimate
<b>Cash receipts from stakeholders</b>		55 875	58 987	59 804	59 804	63 990	63 934	68 409	73 198	78 321
<b>Tax receipts</b>		-	-	-	-	-	-	-	-	-
<b>Sales of goods and services other than capital assets</b>		55 875	58 987	59 804	59 804	63 990	63 934	68 409	73 198	78 321
Sales of goods and services produced by department (excl. capital assets)		55 875	58 987	59 804	59 804	63 990	63 934	68 409	73 198	78 321
Sales by market establishments		55 875	58 987	59 804	59 804	63 990	63 934	68 409	73 198	78 321
Administrative fees		-	-	-	-	-	-	-	-	-
Other sales		-	-	-	-	-	-	-	-	-
<b>Transfers received</b>		-	-	-	-	-	-	-	-	-
<b>Cash paid to stakeholders</b>		58 381	66 109	62 468	62 468	66 841	71 374	76 371	81 717	87 437
<b>Current payments</b>		58 381	66 109	62 468	62 468	66 841	71 374	76 371	81 717	87 437
Compensation of employees	<a href="#">20</a>	-	-	-	-	-	-	-	-	-
Salaries and wages	<a href="#">21</a>	-	-	-	-	-	-	-	-	-
Social contributions	<a href="#">22</a>	-	-	-	-	-	-	-	-	-
<b>Goods and services</b>	<a href="#">23</a>	58 381	66 109	62 468	62 468	66 841	70 653	75 599	80 891	86 553
Administrative fees	<a href="#">24</a>	-	5 550	-	-	-	11 900	12 733	13 625	14 578
Advertising	<a href="#">25</a>	-	-	-	-	-	-	-	-	-
Agency and support/outsourced services	<a href="#">26</a>	-	-	-	-	-	-	-	-	-
Assets less than R5 000	<a href="#">27</a>	-	-	-	-	-	-	-	-	-
Audit costs	<a href="#">28</a>	-	-	-	-	-	-	-	-	-
Bank charges	<a href="#">29</a>	35	661	37	37	40	60	64	69	74
Board costs	<a href="#">30</a>	47 776	52 578	51 122	51 122	54 701	51 493	55 097	58 954	63 081
Bursaries (employees)	<a href="#">31</a>	5 350	-	5 725	5 725	6 126	-	-	-	-
Catering: internal activities	<a href="#">32</a>	-	-	-	-	-	-	-	-	-
Communication	<a href="#">33</a>	-	-	-	-	-	-	-	-	-
Computer services	<a href="#">34</a>	108	-	116	116	124	-	-	-	-

Consultants	<a href="#">35</a>	-	-	-	-	-	-	-	-	-
Contractors	<a href="#">36</a>	-	-	-	-	-	-	-	-	-
Entertainment	<a href="#">37</a>	-	-	-	-	-	-	-	-	-
Inventory	<a href="#">38</a>	2 140	-	1 714	1 714	1 834	-	-	-	-
Lease Payments	<a href="#">39</a>	674	-	721	721	771	-	-	-	-
Legal fees	<a href="#">40</a>	1 766	6 500	1 889	1 889	2 021	6 000	6 420	6 869	7 350
Non life insurance	<a href="#">41</a>	-	150	-	-	-	100	107	114	123
Printing and publication	<a href="#">42</a>	532	670	1 144	1 144	1 224	1 100	1 177	1 259	1 348
Property payments	<a href="#">43</a>	-	-	-	-	-	-	-	-	-
Venues and facilities	<a href="#">48</a>	-	-	-	-	-	-	-	-	-
Other unclassified expenditure	<a href="#">49</a>	-	-	-	-	-	-	-	-	-
Of Which:										
Consumables		-	-	-	-	-	-	-	-	-
Packaging		-	-	-	-	-	-	-	-	-
Motor Vehicle Expenses		-	-	-	-	-	-	-	-	-
Staff Welfare		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Interest and rent on land		-	-	-	-	-	722	772	826	884
Interest	<a href="#">53</a>	-	-	-	-	-	722	772	826	884
Dividends	<a href="#">54</a>	-	-	-	-	-	-	-	-	-
Rent on land	<a href="#">55</a>	-	-	-	-	-	-	-	-	-
Tax payment	<a href="#">61</a>	-	-	-	-	-	-	-	-	-
Outside shareholders interest	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	<a href="#">56</a>	-	-	-	-	-	-	-	-	-
Employer Grant (SETAs only)		-	-	-	-	-	-	-	-	-
Other government units		-	-	-	-	-	-	-	-	-
Public corporations and private enterprises (subsidiaries and other transfers)	<a href="#">57</a>	-	-	-	-	-	-	-	-	-
Public corporations		-	-	-	-	-	-	-	-	-
Private enterprises		-	-	-	-	-	-	-	-	-
Households and non government units		-	-	-	-	-	-	-	-	-
Discretionary Grant (SETAs only)		-	-	-	-	-	-	-	-	-
Other government units		-	-	-	-	-	-	-	-	-
National government		-	-	-	-	-	-	-	-	-

Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
National Skills Fund	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises (subsidiaries and other transfers)	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Households and non government units	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
Technical reserves (social security funds only)	-	-	-	-	-	-	-	-	-
<b>Cash flow from operating activities</b>	<b>(2 506)</b>	<b>(7 122)</b>	<b>(2 664)</b>	<b>(2 664)</b>	<b>(2 850)</b>	<b>(3 362)</b>	<b>8 507</b>	<b>9 102</b>	<b>9 740</b>
<b>Cash flow from advancing activities (Financial Institutions only)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loan disbursements	-	-	-	-	-	-	-	-	-
Loan principal repayments	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Cash flow from investing activities</b>	<b>86 898</b>	<b>86 898</b>	<b>86 898</b>	<b>(36 013)</b>	<b>92 981</b>	<b>2 617</b>	<b>(989)</b>	<b>(1058)</b>	<b>(1 132)</b>
Acquisition of property, plant, equipment & intangible assets	-	-	-	-	-	-	-	-	-
Buildings: residential	-	-	-	-	-	-	-	-	-
Buildings: non-residential	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-
Transport equipment	-	-	-	-	-	-	-	-	-
Furniture and office equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed	-	-	-	-	-	-	-	-	-

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structures									
Other than buildings and fixed structures	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Computer equipment	-	-	-	-	-	-	-	-	-
<b>Other flows from Investing Activities</b>	<b>86 898</b>	<b>86 898</b>	<b>86 898</b>	<b>(36 013)</b>	<b>92 981</b>	<b>2 617</b>	<b>(989)</b>	<b>(1 058)</b>	<b>(1 132)</b>
Domestic	86 898	86 898	86 898	(36 013)	92 981	2 617	(989)	(1 058)	(1 132)
long term investments	-	-	-	-	-	-	-	-	-
Proceeds from sale of property, plant, equipment & intangible assets	-	-	-	-	-	-	-	-	-
Sale of other assets	86 898	86 898	86 898	-	92 981	-	-	-	-
Other	-	-	-	(36 013)	-	2 617	(989)	(1 058)	(1 132)
Foreign	-	-	-	-	-	-	-	-	-
long term investments	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Income	-	-	-	-	-	-	-	-	-
Departmental transfer	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-
<b>Borrowing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Repayment of long-term loans	-	-	-	-	-	-	-	-	-
Repayment of finance leases	-	-	-	-	-	-	-	-	-
Other (e.g. issuance of shares, revaluations)	-	-	-	-	-	-	-	-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>84 392</b>	<b>79 776</b>	<b>84 234</b>	<b>(38 677)</b>	<b>90 131</b>	<b>(744)</b>	<b>7 518</b>	<b>8 044</b>	<b>8 607</b>

66  
75  
76  
73

## **Narratives – Estate Agents Fidelity Fund**

### **Income Trends:**

#### **New Fidelity Fund Certificate Registrations**

New registrations occur anytime throughout the financial year. The levy for the new registrations is also expected to increase by 40%, except for the interns, which is expected to remain the same as part of the transformation initiatives.

#### **Estate Agent Interest**

Interest on the estate agents' trust funds is budgeted at R27.4 million, which is an increase of just 7% from the forecast figures. This is mainly due to improvements in compliance due to new systems of submitting audit reports.

#### **Interest on Investments**

Interest income is budgeted at 7% on the expected capital investments of R472 million.

### **Expenditure trends**

#### **Administration Fee**

The administration fee will remain at 9% yearly. This fee is charged by the Estate Agency Affairs Board for the management and control of the Fidelity Fund.

#### **Goods and services**

An inflationary increase on goods and services is envisaged.

#### **Consumer Awareness**

Consumer awareness is expected to increase sharply. This is due to new and effective methods of awareness such as radio programmes, TV programmes, billboards, etc., that will be introduced to increase public awareness about EAAB's activities.

#### **Claims**

Claims expenses is expected to remain constant over short to medium term.

ESTATE AGENTS FIDELITY FUND

INCOME AND EXPENDITURE BUDGET - 2016/17

	Budget 2016/17	QUARTERLY			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Revenue</b>	<b>77 052 790</b>	<b>19 263 198</b>	<b>19 263 198</b>	<b>19 263 198</b>	<b>19 263 198</b>
Contributions Board	1 475 949	368 987	368 987	368 987	368 987
Contributions	1 475 949	368 987	368 987	368 987	368 987
Interest	58 690 116	14 672 529	14 672 529	14 672 529	14 672 529
Agent interest	27 494 681	6 873 670	6 873 670	6 873 670	6 873 670
Interest on Investments	30 687 322	7 671 830	7 671 830	7 671 830	7 671 830
Interest Other	508 113	127 028	127 028	127 028	127 028
Other Income	16 886 725	4 221 681	4 221 681	4 221 681	4 221 681
Claims Recoveries	5 000 000	1 250 000	1 250 000	1 250 000	1 250 000
Fair Value Adjustments	11 886 725	2 971 681	2 971 681	2 971 681	2 971 681
<b>Operating costs</b>	<b>71 768 354</b>	<b>17 942 089</b>	<b>17 942 089</b>	<b>17 942 089</b>	<b>17 942 089</b>
Bank Charges	64 200	16 050	16 050	16 050	16 050
Claims Paid	5 000 000	1 250 000	1 250 000	1 250 000	1 250 000
Management Fees	52 272 013	13 068 003	13 068 003	13 068 003	13 068 003
Provision for bad debts	3 010 000	752 500	752 500	752 500	752 500
Interest expense	772 141	193 035.22	193 035	193 035	193 035
Consumer Education Awareness	3 745 000	936 250	936 250	936 250	936 250
Stakeholder Awareness	1 298 000	324 500	324 500	324 500	324 500
Transformation initiatives	1 000 000	250 000	250 000	250 000	250 000
Insurance	107 000	26 750	26 750	26 750	26 750
Publications - Agent Magazine	500 000	125 000	125 000	125 000	125 000
Legal fees	4 000 000	1 000 000	1 000 000	1 000 000	1 000 000
<b>Surplus</b>	<b>5 284 436</b>	<b>1 321 109</b>	<b>1 321 109</b>	<b>1 321 109</b>	<b>1 321 109</b>

## Expenditure Trends to Strategic Outcome Oriented Goals

**Strategic Outcome Goal: Compliant Estate Agency Sector.**

### Resource requirements

<b>Compliance Programme</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Inspections</b>					
<i>Administration costs</i>	5 601	870	1 075	1 150	1 231
<i>Staff costs</i>	2 165	5 035	6 723	7 194	7 698
<b>Disciplinary and Enforcement</b>					
<i>Administration costs</i>	1 521	1 555	2 169	2 321	2 484
<i>Staff costs</i>	15 026	9 802	12 386	13 253	14 181
<b>Registrations</b>					
<i>Administration costs</i>	132	346	238	255	272
<i>Staff costs</i>	5 740	6 177	6 392	6 839	7 318

**Strategic Outcome Goal: Professional and capacitated Estate Agency Sector.**

**Resource requirements**

<b>Education and Training Programme</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Staff Costs	7 894	8 951	10 893	11 656	12 471
Administration Costs (This includes CPD venues and travel arrangement)	1 876	11 445	12 461	13 333	14 267
“One Learner One Estate Agent” sub-programme Grant from SSETA	36,000	38,520	41,210	44,100	47.180

**Strategic Outcome Goals: Sustainable Fidelity Fund**

**Resource requirements**

<b>Fidelity Fund Programme</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration costs	67,629	72,363	77,428	82,848	88,647

**Overview of budgets and MTEF estimate**

	2012/13	2013/14	2014/15		2015/16	2016/17	2017/18	2018/19
	Audited Outcome R`000	Audited Outcome R`000	Budget R`000	Audited Outcome R`000	Budget estimate R`000	Budget estimate R`000	Budget estimate R`000	Budget Estimate R`000
Administration	69,451	39,455	62,259	55,177	95,346	66,353	70,998	79,051
Compliance	21,135	26,383	22,143	32,323	21,786	38,413	41,102	38,530
Education and training	5,592	8,773	6,292	9,770	6,190	23,355	24,989	30,635
Fidelity Fund	65,148	71,711	67,629	69,904	67,376	71,768	76,792	82,168
<b>Total</b>	<b>161,326</b>	<b>146,322</b>	<b>158,322</b>	<b>167,174</b>	<b>190,698</b>	<b>199,890</b>	<b>213,882</b>	<b>230,383</b>

## Part B: Programme and sub programme plans

### Compliance Programme

#### Key Strategic Objectives

To improve compliance with the Estate Agency Affairs Act and Financial Intelligence Act.

#### Purpose

To promote a compliant real estate industry.

#### Annual Performance Plan

Strategic Objective	Strategic Plan Target	Audited/Actual Performance			Estimated Performance	Medium term targets			
		2012/13	2013/14	2014/15		2016/17	2017/18	2018/19	
1.	Percentage reduction in the number of non-compliant agents and agencies inspected	10%	0%	0%	1%	5%	7%	8%	9%

Programme Performance Indicators – Annual Targets

Performance Indicator		Audited/Actual Performance			Estimated Performance	Medium term targets		
		2012/13	2013/14	2014/15		2015/16	2016/17	2017/18
1.1	Percentage of complaints resolved within 6 months	N/A	N/A	70% of complaints are resolved within 6 months	75% complaints are resolved within 6 months	80% of complaints are resolved within 6 months	85% of complaints are resolved within 6 months	90% of complaints are resolved within 6 months
1.2	Percentage of certificates issued (FFC) to new registered and compliant estate agents within 21 days	N/A	N/A	80% of the certificates issued to new registered and compliant estate agents within 21 days	85% of the certificates issued to new registered and compliant estate agents within 21 days	90% of the certificates issued to new registered and compliant estate agents within 21 days.	95% of the certificates issued to new registered and compliant estate agents within 21 days.	95% of the certificates issued to new registered and compliant estate agents within 21 days



1.3	Percentage renewal certificates (FFC) issued to current registered and compliant estate agents issued within 5 days	N/A	N/A	92% of the renewal certificates issued to current and compliant estate agents within 5 days	94% of the renewal certificates issued to current and compliant estate agents within 5 days	95% of the renewal certificates issued to current and compliant estate agents within 5 days	95% of the renewal certificates issued to current and compliant estate agents within 5 days	95% of the renewal certificates issued to current and compliant estate agents within 5 days
1.4	Number of self-assessment evaluation Received	364	1008	1107 inspections performed	400 inspections expected to be performed	500 Inspections performed	600 Inspections performed	700 Inspections performed

Quarterly Targets for 2016/17

Programme Performance Indicator	Reporting Period	Annual target 2016/17	Quarterly Targets
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				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
1.1	Percentage of complaints resolved within 6 months	Quarterly	80%	80%	80%	80%	80%
1.2	Percentage of certificates (FFC) issued to new registered and compliant estate agents within 21 days	Quarterly	90%	90%	90%	90%	90%
1.3	Percentage issued renewal certificates (FFC) to current and compliant estate agents performed within 5 days	Quarterly	95%	95%	95%	95%	95%
1.4	Number of self-assessment evaluation Received	Quarterly	500	125	125	125	125

## Education and Training

### Strategic objectives

To build capacity of key stakeholders and professionalise the Estate Agency sector.

### Purpose

To professionalise the Estate Agency industry through creating awareness of the education requirements.

## Annual Performance Plan

Strategic Objective	Strategic Plan Target	Audited/Actual Performance			Estimated Performance	Medium term targets			
		2012/13	2013/14	2014/15		2015/16	2016/17	2017/18	2018/19
2.	Number of Estate agents with professional qualification	6000	283	400	1150	1700	2250	2800	3350

## Programme Performance Indicators – Annual Targets

Performance Indicator	Audited/Actual Performance	Estimated Performance	Medium term targets					
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
2.1	Percentage of NQF level 4 & 5 candidates wrote the PDE and received results	N/A	N/A	95% of Professional designation examination candidates which wrote receiving examination	95% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results	95% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results	95% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results	95% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results
2.2	Number of consumer	12	12	13	16	18	20	22

	awareness events	consumer awareness events performed	consumer awareness events performed	consumer awareness events performed	consumer awareness events performed	consumer awareness events performed	consumer awareness events performed	consumer awareness events performed
2.3	Number of estate agent roadshow seminars performed	12 Estate agent roadshow seminars performed	16 Estate agent roadshow seminars performed	16 Estate agent roadshow seminars performed	16 Estate agent roadshow seminars performed	18 Estate agent roadshow seminars performed	20 Estate agent roadshow seminars performed	22 Estate agent roadshow seminars performed
2.4	Number of AGENT magazines published and issued	4 AGENT magazines published and issued per annum	4 AGENT magazines published and issued per annum	4 AGENT magazines published and issued per annum	4 AGENT magazines published and issued per annum	4 AGENT magazines published and issued per annum	4 AGENT magazines published and issued per annum	4 AGENT magazines published and issued per annum
2.5	Percentage of CPD programmes supplied to Full status candidates in compliance with Education requirements over 3-year rolling period	N/A	N/A	N/A	100% implementation of CPD project plan	N/A	N/A	100% of CPD programmes supplied to Full status candidates in compliance with Education requirements over 3-year rolling period

Quarterly Targets for 2016/17

Programme Performance Indicator		Reporting Period	Annual target 2016/17	Quarterly Targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
2.1	Percentage of NQF level 4 & 5 candidates enrolled and completed PDE receiving results	Quarterly	100% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results	100% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results	100% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results	100% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results	100% of NQF Level 4 & 5 candidates enrolled and completed PDE receiving results
2.2	Number of consumer awareness campaigns performed	Quarterly	18 Consumer campaigns awareness performed	4 Consumer awareness campaigns performed	4 Consumer awareness campaigns performed	4 Consumer awareness campaigns performed	6 Consumer awareness campaigns performed
2.3	Number of estate agent roadshow seminars performed	Quarterly	18 Number of Estate agent roadshow seminars performed	4 Number of Estate agent roadshow seminars performed	4 Number of Estate agent roadshow seminars performed	4 Number of Estate agent roadshow seminars performed	6 Number of Estate agent roadshow seminars performed
2.4	Number of AGENT magazines issued	Quarterly	4 AGENT magazines published and issued per annum	1 AGENT magazine published and issued per annum	1 AGENT magazine published and issued per annum	1 AGENT magazine published and issued per annum	1 AGENT magazine published and issued per annum

2.5	Percentage of CPD programmes supplied to Full status candidates in compliance with Education requirements over 3-year rolling period	3 –year cycle	N/A	N/A	N/A	N/A	N/A
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## Fidelity Fund Programme

### Strategic objectives

To ensure that the Fidelity Fund is financially sustainable

### Purpose

Fidelity Fund is the accumulation of financial resources used as a protection mechanism for property consumers de-frauded by Estate Agents.

### Annual Performance Plan

Strategic Objective	Strategic Plan Target	Audited/Actual Performance			Estimated Performance	Medium term targets			
		2012/13	2013/14	2014/15		2015/16	2016/17	2017/18	2018/19
3	Fidelity Fund Net Asset Value growth	0.09%	1.22%	2.22%	0.09%	0.09%	0.1%	0.1%	0.1%

Programme Performance Indicators – Annual Targets

Performance Indicator		Audited/Actual Performance			Estimated Performance	Medium term targets		
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
3.1	Percentage of claims finalised for payments within 6 months	N/A	N/A	30% of claims are finalised within 6 months	35% of claims are finalised within 6 months	40% of claims are finalised within 6 months	45% of claims are finalised within 6 months	50% of claims are finalised within 6 months
3.2	Percentage increase in interest from estate agency trust accounts collected within 30 days of due dates	N/A	N/A	30% of interest received from trust account is collected within 30 of due dates	35% of interest received from trust account is collected within 30 of due dates	40% of interest received from trust account is collected within 30 of due dates	45% of interest received from trust account is collected within 30 of due dates	50% of interest received from trust account is collected within 30 of due dates

Quarterly Targets for 2016/17

Programme Performance Indicator		Reporting Period	Annual target 2016/17	Quarterly Targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.1	Percentage of claims finalised for payments within 6 months	Bi-annually	40%	N/A	40%	N/A	40%
3.2	Percentage of interest from estate agency trust accounts collected within 30 days of due dates	Annually	40%	40%	N/A	N/A	N/A



## Contribution to Medium Term Strategic Framework

### Strategic objective

To promote and implement government-wide priorities. This is through

- Consumer education
- Placement of unemployed youth with Principal Estate Agents.
- Transactional support
- Issuing of title deeds

### Consumer education:

Consumer Education Programme and target group (Subsidy/affordable. The Estate Agency Fidelity fund is expected to contribute 5% of its annual expenditure to consumer awareness activities.:

Strategic Objective	Strategic Plan Target	Audited/Actual plan			Estimated Performance	Medium term targets		
		2012/13	2013/14	2014/15		2015/16	2016/17	2017/18
Number of consumers reached through radio-National	N/A	N/A	N/A	900 000 housing consumers reached	900 000 housing consumers reached	400 000 housing consumers reached	400 000 housing consumers reached	400 000 housing consumers reached
Number of	N/A	N/A	N/A	445 000	445 000	400 000	400 000	400 000

	consumers reached through radio -Community				housing consumers reached	housing consumers reached	housing consumers reached	housing consumers reached	housing consumers reached
	Print media – Awareness	N/A	N/A	N/A	100 000 housing consumers reached	100 000 housing consumers reached	600 000 housing consumers reached	600 000 housing consumers reached	600 000 housing consumers reached

Quarterly Targets for 2016/17

Programme Performance Indicator	Reporting Period	Annual target 2016/17	Quarterly Targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Number of consumers reached through radio- National	Quarterly	400 000	100 000	100 000	100 000	100 000
Number of consumers reached through radio -Community	Quarterly	400 000	100 000	100 000	100 000	100 000
Print media – Awareness	Quarterly	100 000	25 000	25 000	25 000	25 000

**Placement of unemployed youth with Principal Estate Agents.**

*Empowerment of Woman, Youth and Disability through the implementation of the “One Learner One Estate Agent Youth Brigade” and placement through the Training structures of the of Estate Agencies. Strategic targets include the following:*

Strategic Objective	Strategic Plan Target	Audited/Actual Performance			Estimated Performance	Medium term targets		
		2012/13	2013/14	2014/15		2015/16	2016/17	2017/18
Number of Interns placed with Principal Estate Agencies	N/A	N/A	N/A	900 Interns placed with principal Estate Agents	2000 Interns placed with Estate Agents	3100 Interns placed with principal Estate Agents	4000 Interns placed with principal Estate Agents	N/A

Quarterly Targets for 2016/17

Programme Performance Indicator	Reporting Period	Annual target 2016/17	Quarterly Targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Number of interns placed with Principal Estate Agencies	Bi annually	3100 interns place	1550	N/A	1550	N/A

**Development transactional support programmes in the affordable housing market developed**

**Description of the intervention:**

Overall, to support development of functional & equitable residential property market. Specifically, to support people in affordable housing market to enable them to enter and transact within the market.

**Content of Project intervention:**

- Access to market information, trends and analysis
- Regulatory consumer support
- Consumer awareness and education
- Real estate agent support and education

Strategic Objective	Strategic Plan Target	Audited/Actual plan			Estimated Performance	Medium term targets		
		2012/13	2013/14	2014/15		2015/16	2016/17	2017/18
Transactional support – data/information on industry trends and analysis.	100% implementation of project	N/A	N/A	N/A	100% implementation of tractional support.	Quarterly data/information on industry trends and analysis available.	Quarterly data/information on industry trends and analysis available	Quarterly data/information on industry trends and analysis available

Quarterly Targets for 2016/17

Programme Performance Indicator	Reporting Period	Annual target 2016/17	Quarterly Targets				
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	
Transactional support – data/information on industry trends and analysis.	Quarterly	Quarterly data/information on industry trends and analysis available.	Quarterly data/information on industry trends and analysis available.	Quarterly data/information on industry trends and analysis available.	Quarterly data/information on industry trends and analysis available.	Quarterly data/information on industry trends and analysis available.	Quarterly data/information on industry trends and analysis available.

## **Issuing of Title Deeds**

### **Strategic objective**

To assist in the project management of the eradication of the title deeds backlog

### **Title Deeds restoration plans**

The title deeds restoration project is mandated to Department of Human settlement. The Minister has however delegated this project to the Estate Agency Affairs Board to implement. This project involves the restoration of title deeds to all subsidized houses that were built during the pre-94 and post -94 periods. The houses were issued to the recipients without the issue of title deeds. The EAAB is expected to set-up various stakeholder forums with relevant national departments, deeds offices, provincial, municipalities and other spheres of government to implement the project. This project will be fully funded by the department of Human settlement.

Programme Performance Indicators – Annual Targets

Performance indicator		Audited/Actual Performance			Estimated Performance	Medium term targets		
		2012/13	2013/14	2014/15		2015/16	2016/17	2017/18
	Project management and secretarial support to eradicate Title deeds back-log by 2019	N/A	N/A	N/A	Scoping exercise developed to formulate the implementation plan	Project management and secretarial support in the Implementation Plan.	Project management and secretarial support in the Completion of project plan	Project management and secretarial support in the Completion of project plan

Quarterly Targets for 2016/17

Programme Performance Indicator	Reporting Period	Annual target 2016/17	Quarterly Targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Project management and secretarial support to eradicate Title deeds back-log by 2019	Quarterly	Project management and secretarial	Project management and secretarial	Project management and secretarial	Project management and secretarial	Project management and secretarial support in the Implementation

			support in the Implementation Plan.	support in the Implementation Plan.	support in the Implementation Plan.	support in the Implementation Plan.	Plan.
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## Administration

### Strategic objective

To ensure that EAAB operations are efficient and effective

### Purpose

EAAB aspires to be a world class regulator through its service delivery and systems

Strategic Objective		Strategic Plan Target	Audited/Actual Performance			Estimated Performance	Medium term targets		
			2012/13	2013/14	2014/15		2015/16	2016/17	2017/18
4	Percentage of Positive feedback from stakeholders on service delivery	100%	N/A	N/A	50%	60%	70%	80%	90%

Programme Performance Indicators – Annual Targets

Performance Indicator		Audited/Actual Performance			Estimated Performance	Medium term targets		
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
.4.1	Percentage in resolution of audit findings raised within the agreed turnaround time	N/A	N/A	80% of the audit findings raised were resolved within the agreed turnaround time	90% of the audit findings raised were resolved within the agreed turnaround time	90% of the audit findings raised were resolved within the agreed turnaround time	95% of the audit findings raised were resolved within the agreed turnaround time	100% of the audit findings raised were resolved within the agreed turnaround time
4.2	Percentage of vacancy rate at EXCO and MANCO level	N/A	N/A	15% vacancy rate	14% vacancy rate	13% vacancy rate	12% vacancy rate	11% vacancy rate
4.3	Percentage of implementation of ICT strategy	N/A	N/A	92% implementation	94% implementation of ICT	92% implementation of ICT strategy	94% implementation of ICT	96% implementation of ICT



				of ICT strategy	strategy		strategy	strategy
4.4	Percentage of queries received from stakeholders and resolved within 48hours	N/A	N/A	80% of queries received from stakeholders are resolved within 48hrs	85% of queries received from stakeholders are resolved within 48hrs	95% of queries received from stakeholders are resolved within 48hrs	100% of queries received from stakeholders are resolved within 48hrs	100% of queries received from stakeholders are resolved within 48hrs

Quarterly Targets for 2016/17

Programme Performance Indicator	Reporting Period	Annual target 2016/17	Quarterly Targets
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				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
4.1	Percentage in resolving of audit findings raised within the agreed turnaround time	Quarterly	90%	90%	90%	90%	90%
4.2	Percentage reduction in vacancy rate	Quarterly	13%	13%	13%	13%	13%
4.3	Percentage of implementation of ICT annual strategy	Quarterly	92%	92%	92%	92%	92%
4.4	Percentage of queries received from stakeholders and resolved within 48 hours.	Quarterly	95%	95%	95%	95%	95%



## Annexure A

### Materiality Framework

#### Broad Framework for the Estate Agency Affairs Board

The Estate Agency Affairs Board will be dealing with this framework under two main categories, i.e. quantitative and qualitative aspects.

#### Quantitative Aspects

##### Materiality level

The materiality level is set at R234,824 which is ¼% of Turnover. .

##### Motivation

EAAB has high volume of transactions at low value. It is therefore for this purpose that the materiality level is set based on an income statement measure. This conservative materiality level will be used for all classes of transactions.

##### Factors Considered

The Estate Agency Affairs Board assesses the level of a material loss of R234,824 as ¼% of gross revenue. The Estate Agency Affairs Board took into account factors that include:

##### Nature of EAAB's Business

To maintain and promote the standard of conduct of estate agents, having due regard to public interests and regulate the activities of estate agents.

**To proficiently discharge its statutory regulatory function through the provision of a consistently effective service to estate agents and stakeholders alike.**

Although revenues and profits are not the main objective, the current economic climate and the downturn in the property sector has meant that the EAAB had to focus on its revenues and operating expenses. EAAB is a self-funded public entity and therefore relies on the generation of revenue to sustain its activities and maintain its going-concern.

##### Quality Aspects

Materiality is not confined to the size of the entity and the elements of its financial statements.

The Estate Agency Affairs Board recognizes that misstatements that are larger either individually or in the aggregate may affect a “reasonable” user’s judgment. Further, misstatements may also be material on qualitative grounds. These qualitative grounds include amongst others:

- Unusual transactions entered into that are not of a repetitive nature and are disclosed purely due to the nature thereof due to knowledge thereof affecting the decision making of the user of the financial statements.
- Transactions entered into that could result in reputational risk of Estate Agency Affairs Board
- Any fraudulent or dishonest behavior of any officer or staff of Estate Agency Affairs Board.
- Procedures/processes required by legislation or regulation (e.g. PFMA and the Treasury Regulations).
- Unauthorized, irregular or fruitless and wasteful expenditure.
- Items of a non-financial nature, which would impact on the continued operation and deliverables of the Estate Agency Affairs Board.

**ANNEXURE B**

**STRATEGIC RISK REGISTER**

		Risk Identification and Analysis		Responsibility	
Risk Ref Num	Strategic objective	Risk Description	EAAB Action Plan	Residual Risk Rating	Risk Owner
<b>GR1</b>	To improve compliance with the Estate Agency Affairs Act and Financial Intelligence Act.	There is an increase in illegal trading estate agents which cannot be traced and therefore leads to non-compliance.	The new Property Practitioners Bill specifically addresses the issue of restricting payment of commission to illegal estate agent. The implementation of the Property Practitioners Act will reduce the use of illegal trading agent)	<b>16</b>	EM: Compliance
<b>GR2</b>	To professionalise the Estate Agency industry through creating awareness of the education requirements	Unsuitably qualified individuals operating as estate agents. Lack of interest in compliance with the education and training requirements.	Online CPD system implementation. Awareness of qualifications deadline. Consequence implementation for unqualified Estate Agents.	<b>12</b>	EM: Education & Training

<p><b>GR3</b></p>	<p>To ensure that the Fidelity Fund is financially sustainable</p>	<p>Increases in white-collar crime could lead to higher claims from Fidelity Fund.          Failure to bank into the trust account can result in claims lodged against the Fidelity Fund, affecting the Fund's performance          Unlimited claims either in size or number may deplete the Fidelity Fund          An increase in emerging home owners and renters and consequent escalation in the number of complaints and claims impacts the Board's resources and the Fund</p>	<p>Appointment of investment specialist to review investment strategy          Re-insurance of Fidelity fund claims.</p>	<p>16</p>	<p>EM: Corporate services</p>
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<b>GR4</b>	To promote and implement government-wide priorities, i.e contribution to the MTSF.	Expanding mandate outside of legislation and without securing funding, leads to unauthorized expenditure	Inclusion of MTSF activities in the EAAB Budget process as priority. Implementation of Revenue strategy implementation to fund government-wide priorities.	12	EM: Corporate services
<b>GR5</b>	To ensure that EAAB operations are efficient and effective	Financial constraints to fund essential organisational projects and programmes (Failure to retain revenue streams	Revenue generation strategy implementation to fund organizational projects and programmes.	12	Board Secretary
<b>GR6</b>	To ensure that EAAB operations are efficient and effective	Non –compliance with legislation applicable to EAAB.	Develop a compliance framework on all legislative requirement Develop legal compliance function.	12	Executive Committee



## Annexure C

### Technical indicator descriptions and examples

<b>Indicator No &amp; Title</b>	(1) Percentage reduction in the number of non-compliant agents and agencies inspected
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	Improve Compliance to Estate Agency Affairs Act
<b>Source/collection of data</b>	Inspection reports
<b>Method of calculation</b>	$((\text{Current period number of non-complaint Estate Agencies inspected} / \text{Current number of inspections}) * 100) - ((\text{Previous period number of non-compliant Estate Agencies inspected} / \text{Previous number of inspections}) * 100)$
<b>Data limitations</b>	Inspection sample is not necessary representative of population
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	Yes
<b>Desired performance</b>	10% reduction on Annual basis
<b>Indicator responsibility</b>	Executive Manager-Enforcement & Inspections

<b>Indicator No &amp; Title</b>	(1.1) Percentage of complaints resolved within 6 months
<b>Short definition</b>	Percentage of complaints resolved within 6 months
<b>Purpose/importance</b>	Compliance to Estate Agency Affairs Act
<b>Source/collection of data</b>	SAP systems downloads
<b>Method of calculation</b>	(List of Total number of complaints resolved within 6 months)/List of Total number of complaints received within 6 months) *100
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	100% of complaints are resolved within 6 months
<b>Indicator responsibility</b>	Executive Manager-Enforcement

<b>Indicator No &amp; Title</b>	(1.2) Percentage of certificates issued (FFC) to new registered and compliant estate agents within 21 days
<b>Short definition</b>	New registrations issued within the expected turnaround time
<b>Purpose/importance</b>	Compliance to Estate Agency Affairs Act.
<b>Source/collection of data</b>	Download from the SAP system
<b>Method of calculation</b>	(Number of certificate issued to new registered and compliant estate agents within 21 days/Total number of certificate issued to new registered and compliant estate agents) *100
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	Yes
<b>Desired performance</b>	75% of certificates issued to new registered and compliant estate agents within 21 days
<b>Indicator responsibility</b>	Compliance Executive

<b>Indicator No &amp; Title</b>	(1.3) Percentage of renewal certificates issued (FFC) to current registered and compliant estate agents within 5 days
<b>Short definition</b>	Current renewals issued within the expected turnaround time
<b>Purpose/importance</b>	Compliance to Estate Agency Affairs Act.
<b>Source/collection of data</b>	Download from the SAP system
<b>Method of calculation</b>	(Number of renewal certificate issued to current registered and compliant estate agents within 5 days/Total number of renewal certificate issued to current and compliant estate agents) *100
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	Yes
<b>Desired performance</b>	92% of certificates issued to current registered and compliant estate agents within 5 days
<b>Indicator responsibility</b>	Compliance Executive

<b>Indicator No &amp; Title</b>	(1.4) Number of self-assessment evaluation Received
<b>Short definition</b>	Inspections
<b>Purpose/importance</b>	To monitor compliance of Estate Agencies Affairs Act
<b>Source/collection of data</b>	Manual inspection reports
<b>Method of calculation</b>	List of self-assessment evaluation reports received from inspectors
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Number
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	1452 inspections performed
<b>Indicator responsibility</b>	Inspections Executive

<b>Indicator No &amp; Title</b>	(2) Number of Estate Agents with professional qualification
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	To build capacity of practicing Estate Agents and comply with SAQA standards.
<b>Source/collection of data</b>	SAP Down load
<b>Method of calculation</b>	List of Estate Agents with the NQF Level 4 and Level 5 qualifications on the system.
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Number
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	Yes
<b>Desired performance</b>	1700 Estate Agents have accredited qualifications
<b>Indicator responsibility</b>	Education and Training Executive Manager

<b>Indicator No &amp; Title</b>	(2.1) Percentage of NQF Level 4 and 5 candidates wrote and PDE and receiving results
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	To build capacity of key stakeholders and professionalise the Estate Agency industry Sector
<b>Source/collection of data</b>	SAP Download
<b>Method of calculation</b>	(Total number of estate agents who set for the exam and received the results/Total number estate agents who set for the exam) *100
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	100% of the estate agents set for the exam and received results
<b>Indicator responsibility</b>	Education and Training Executive Manager

<b>Indicator No &amp; Title</b>	(2.2) Consumer awareness campaigns
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	Awareness of the importance of compliance to the Estate Agents Affairs Act, EAAB operations and industry developments. To increase stakeholders awareness of all the EAAB and its role and services
<b>Source/collection of data</b>	Consumer awareness event register
<b>Method of calculation</b>	Number of Consumer workshops awareness workshops
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Number
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	16 Consumer awareness workshops held
<b>Indicator responsibility</b>	Education and Training Executive



<b>Indicator No &amp; Title</b>	(2.3) Number of housing consumers reached
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	To align the mandate of EAAB with Medium Term Strategic Framework
<b>Source/collection of data</b>	Input from media institutions i.e. radio broadcast statistics
<b>Method of calculation</b>	Number of radio listeners recorded
<b>Data limitations</b>	This information may not specify the number of listeners who are involved in affordability and subsidy housing.
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Number
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	Yes
<b>Desired performance</b>	400,000 housing consumers reached per annum
<b>Indicator responsibility</b>	Education and Training Executive

<b>Indicator No &amp; Title</b>	(2.4) Number of Intern Estate Agents placed with Principal Estate Agency
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	Alignment with government – wide priorities
<b>Source/collection of data</b>	Employment agreements between EAAB and Estate Agents
<b>Method of calculation</b>	Number of registered interns on SAP system
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Number

<b>Reporting cycle</b>	Bi - Annually
<b>New indicator</b>	No
<b>Desired performance</b>	3100 signed contracts per annum
<b>Indicator responsibility</b>	Education and Training Executive

<b>Indicator No &amp; Title</b>	(2.5) Estate agents awareness campaigns
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	To build capacity within the Estate Agents sector
<b>Source/collection of data</b>	Estate Agents event register
<b>Method of calculation</b>	Number of Estate Agents seminars performed
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Number
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	16 Estate agents seminars performed
<b>Indicator responsibility</b>	Education and Training Executive

<b>Indicator No &amp; Title</b>	(2.6) Percentage implementation of information/data management system.
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	Alignment with government – wide priorities
<b>Source/collection of data</b>	Achievement against Project plan for implementation of information/data management system.
<b>Method of calculation</b>	(Number of completed tasks per project plan/Number of tasks planned to complete implementation)
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Number
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	No
<b>Desired performance</b>	100% completion of planned project tasks
<b>Indicator responsibility</b>	Business Operations Executive
<b>Indicator No &amp; Title</b>	(2.7) Estate agents magazine published
<b>Short definition</b>	N/A
<b>Purpose/importance</b>	To build capacity within the Estate Agents sector
<b>Source/collection of data</b>	Agent magazine publication
<b>Method of calculation</b>	Number of Estate Agent magazine published
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Number
<b>Reporting cycle</b>	Quarter;y
<b>New indicator</b>	No
<b>Desired performance</b>	4 Estate agent magazines published per annum.
<b>Indicator responsibility</b>	Education and Training Executive

<b>Indicator No &amp; Title</b>	(2.8) Percentage of CPD programmes supplied to Full status candidates in compliance with Education requirements over 3-year rolling period.
<b>Short definition</b>	CPD Programmes
<b>Purpose/importance</b>	To build capacity within the Estate Agents sector
<b>Source/collection of data</b>	List of programmes required to be supplied on a 3-year rolling period
<b>Method of calculation</b>	Number of programmes supplied over the 3-year cycle/Number of programmes required to be supplied per education requirements
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	3-year rolling period
<b>New indicator</b>	No
<b>Desired performance</b>	100% of candidates who wrote the exam received their results.
<b>Indicator responsibility</b>	Education and Training Executive

<b>Indicator No &amp; Title</b>	(3) Fidelity Fund Net Asset Value growth
<b>Short definition</b>	Fidelity Fund Growth
<b>Purpose/importance</b>	Resources assigned for property consumer protection
<b>Source/collection of data</b>	Quarterly and Annual Financial reports
<b>Method of calculation</b>	$(\text{Net Asset Value of Current period} - \text{Net Asset Value of previous period}) / \text{Net Asset Value of previous period} * 100$
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Value
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	No
<b>Desired performance</b>	0.1%
<b>Indicator responsibility</b>	Head of Corporate services

<b>Indicator No &amp; Title</b>	(3.1) Percentage of claims finalized for payment within six months.
<b>Short definition</b>	Claims paid
<b>Purpose/importance</b>	To effectively and efficiently control and manage the Fidelity Fund
<b>Source/collection of data</b>	SAP Download
<b>Method of calculation</b>	( Value of claims paid within 6 months cycle/Value of claims approved over the 6 months cycle)*100
<b>Data limitations</b>	The larger claims (although few) could take up to 3 years to finalise.
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Bi-annually
<b>New indicator</b>	Yes
<b>Desired performance</b>	35% of the claims will be processed for payment within 30 days.
<b>Indicator responsibility</b>	Compliance Executive

<b>Indicator No &amp; Title</b>	(3.2) Percentage interest received from estate agency trust accounts collected within 30 days from due date
<b>Short definition</b>	Interest received from Trust Account.
<b>Purpose/importance</b>	To effectively and efficiently control and manage the Fidelity Fund
<b>Source/collection of data</b>	SAP Download
<b>Method of calculation</b>	$(\text{Cash received from estate agencies within 30 days of due date}) / (\text{Total value interest receivable}) * 100$
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Annual measure
<b>New indicator</b>	Yes
<b>Desired performance</b>	100% collection
<b>Indicator responsibility</b>	Head of Corporate services/Compliance Executive

<b>Indicator No &amp; Title</b>	(1) Percentage of Positive feedback from stakeholders on service delivery
<b>Short definition</b>	Service delivery survey
<b>Purpose/importance</b>	To improve efficiency and effectiveness of EAAB
<b>Source/collection of data</b>	Service delivery surveys performed on the websites and also from Roadshows.
<b>Method of calculation</b>	(Number of responses with an average response of “3” and above/ Number of responses received from estate agents)*100
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	Yes
<b>Desired performance</b>	Positive survey results
<b>Indicator responsibility</b>	Head of Corporate services

<b>Indicator No &amp; Title</b>	(4.1)Percentage in resolution of audit findings raised within the agreed turnaround time
<b>Short definition</b>	Audit issues resolved
<b>Purpose/importance</b>	To obtain clean audit
<b>Source/collection of data</b>	Internal and External audit reports
<b>Method of calculation</b>	(Number of audit findings resolved within the agreed turnaround time/ Number of audit findings resolved)*100
<b>Data limitations</b>	None
<b>Type of indicator</b>	Strategic objective
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	Yes
<b>Desired performance</b>	100% of audit findings completed within the agreed turnaround time.
<b>Indicator responsibility</b>	Education and Training, Compliance, Inspections, Corporate services Executives and Company secretary



<b>Indicator No &amp; Title</b>	(4.2)Percentage of vacancy Rate
<b>Short definition</b>	Vacancy Rate
<b>Purpose/importance</b>	To operate the EAAB effectively and efficiently
<b>Source/collection of data</b>	Quarterly and Annual Financial Human Resource Reports
<b>Method of calculation</b>	$(\text{Number of vacant post}) / \text{Number of approved positions} * 100$
<b>Data limitations</b>	None
<b>Type of indicator</b>	Key Performance Indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	N/A
<b>Indicator responsibility</b>	Head of Corporate services

<b>Indicator No &amp; Title</b>	(4.3) Percentage of implementation of ICT strategy
<b>Short definition</b>	Ensuring that the ICT strategy is fully implemented and is working properly.
<b>Purpose/importance</b>	To run the EAAB effectively and efficiently and using the relevant IT software
<b>Source/collection of data</b>	IT Reports
<b>Method of calculation</b>	$(\text{Number of tasks implemented per ICT Strategy} / \text{Number of tasks planned per ICT Strategy}) * 100$
<b>Data limitations</b>	None
<b>Type of indicator</b>	Key Performance Indicator
<b>Calculation type</b>	Percentage

<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	N/A.
<b>Indicator responsibility</b>	Head of Corporate services

<b>Indicator No &amp; Title</b>	(4.4)Percentage of queries received from stakeholders and resolved.
<b>Short definition</b>	The number of queries received from stakeholders and resolved within the turnaround time
<b>Purpose/importance</b>	Improved Stakeholder queries monitoring system.
<b>Source/collection of data</b>	Sap System, Paper trail and email
<b>Method of calculation</b>	$(\text{Total number of queries resolved within 48 hours} / \text{Total number queries received}) * 100$
<b>Data limitations</b>	None
<b>Type of indicator</b>	Key Performance Indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Quarterly
<b>New indicator</b>	No
<b>Desired performance</b>	90%.
<b>Indicator responsibility</b>	Head of Corporate services

<b>Indicator No &amp; Title</b>	(2) Percentage of title deeds issued to owners of affordability and subsidised sector houses for both Pre-94 and Post-94 stock.
<b>Short definition</b>	Title Deeds restoration.
<b>Purpose/importance</b>	To eliminate the backlog of title deeds issued to owners of affordability and subsidized sector houses
<b>Source/collection of data</b>	Title Deeds quarterly Reports
<b>Method of calculation</b>	The number of times EAAB staff participate in DHS title deeds meetings.
<b>Data limitations</b>	None
<b>Type of indicator</b>	Key Performance Indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	No
<b>Desired performance</b>	90% of title deeds issued
<b>Indicator responsibility</b>	Operations Executive

<b>Indicator No &amp; Title</b>	Project Management and Secreterial assistance in Title Deeds project
<b>Short definition</b>	Title deeds back log
<b>Purpose/importance</b>	To eliminate the backlog of title deeds issued to owners of affordability and subsidized sector houses
<b>Source/collection of data</b>	Monthly Status Reports prepared by Title deeds restoration department.
<b>Method of calculation</b>	Evidence of EAAB participation in project management and secreterlal work.
<b>Data limitations</b>	None
<b>Type of indicator</b>	Key Performance Indicator

<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	No
<b>Desired performance</b>	100% title deeds issued
<b>Indicator responsibility</b>	Operations Executive

<b>Indicator No &amp; Title</b>	(5.1) Percentage decrease in title deeds backlog Post-94 stock.
<b>Short definition</b>	Title deeds back log
<b>Purpose/importance</b>	To eliminate the backlog of title deeds issued to owners of affordability and subsidized sector houses
<b>Source/collection of data</b>	Monthly Status Reports prepared by Title deeds restoration department.
<b>Method of calculation</b>	Evidence of EAAB participation in project management and secretarial work.
<b>Data limitations</b>	None
<b>Type of indicator</b>	Key Performance Indicator
<b>Calculation type</b>	Percentage
<b>Reporting cycle</b>	Annually
<b>New indicator</b>	No
<b>Desired performance</b>	100% title deeds issued
<b>Indicator responsibility</b>	Operations Executive