



ANNUAL REPORT 2017/18



During the period under review, the SHRA crafted a new set of values to better steer the organisation to deliver on its mandate by creating a renewed organisational culture. Culture assists in guiding decision-making and how these decisions are translated into actions. Strategy can be determined but how this is implemented is the difference between success and failure. For these important reasons, the SHRA's values and culture are at the core of our business and how we achieve the mandate of bringing social housing to its intended beneficiaries.

“The Social Housing Regulatory Authority must spearhead the increased development of public sector affordable rental stock, student accommodation and other initiatives, such as, rehabilitation of dilapidated inner-city buildings as important housing mix – therefore the SHRA becomes very important in facilitating urban consolidation and re-development.”

*Address by the Honourable Minister of Human Settlements, Ms Noma-Indiya Mfeketo, at the Presentation of the Department of Human Settlements Budget Vote Speech 2018/19
10 May 2018*

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HIGHLIGHTS

R1,6 billion

awarded to B-BBEE companies

6 018

units approved

3 519

units delivered

32 046

units under regulation



It gives me great pleasure to present the Social Housing Regulatory Authority's Annual Report for 2017/18.

The theme of this year's report is 'embracing value driven delivery'. The SHRA, collectively, formulated the new values for the entity in the period under review. The development of our new values was a deliberate investment of time and resources as we understand our values contribute to creating a robust ethical framework, a resilient, cohesive culture and enhanced performance which will enable us in achieving our vision of 'a thought leader, stimulator and regulator of world class self-sufficient social housing solutions'.

The SHRA is mandated to facilitate the delivery of quality, sustainable social housing units at scale to advance the needs of low and middle-income groups in support of spatial, economic and social restructuring. In order to promote an enabling environment for the growth and development of the social housing sector, essential policy amendments were made in the period under review. These include the increase of the Restructuring Capital Grant quantum and the increase of the income bands for qualifying households. The grant quantum and income bands had been static for several years, undermining the viability of social housing development and threatening the sustainability of the programme. The welcomed increases have been seen as a very positive shift in the sector and acknowledgement of the importance of the role of the social housing programme in transformation of South African society.



FOREWORD BY THE CHAIRPERSON

March 2018 marked the end of the Council's three-year term and a new Council was appointed at the end of the period under review. The new Council would like to extend its appreciation to the previous Council members whose contribution stabilised the entity and has allowed the entity to be better positioned to support the social housing sector and tackle its important mandate.

The former Minister of Human Settlements placed the entity under (soft) Administration in 2014 and tasked the Council with turning the entity around upon our appointment on 18 March 2015. The last three financial years have seen immense change within the entity; a series of interventions were instituted, including restructuring the organisation and appointment of a new Chief Executive Officer and Corporate Services Manager amongst others which sought to stabilise and improve operations. These interventions have resulted in significant improvement in the entity's financial and non-financial performance resulting in the Minister lifting the Administration in July 2017.

Transformation of the sector is a priority for the entity, with several targets added to the Annual Performance Plan 2017/18 in this regard. The year-end figures showed that 53,8% of the fully accredited Social Housing Institutions and 41,4% of the conditionally accredited Social Housing Institutions are black owned or controlled. In addition, approximately R1,6 billion of the Consolidated Capital Grant allocation for 2017/18 was awarded to black owned or controlled companies. Further work is required to establish the baseline data for transformation

throughout the entire value chain however it is pleasing that a programme that is designed to transform society is making strides and starting to show signs of achieving transformation at a programme level.

The work of the SHRA requires collaboration between all three spheres of government and the private sector in order to facilitate the social housing programme and we have continued to build relationships with our stakeholders within the period under review. We wish to thank these departments and organisations for their participation in a number of our activities and their continued commitment to the social housing programme.

The entity's achievements in the period under review could not have been possible without the efforts of the staff and management and Council would like to thank them for their zealotness and commitment to the entity.

The SHRA Council welcomes the new Minister of Human Settlements, N. Mfeketo MP, and looks forward to working with her in this 'golden era of human settlements expansion'. On behalf of Council, I would like to extend our appreciation to the former Minister of Human Settlements, L.N. Sisulu MP and the Portfolio Committee whose leadership has enabled the entity to turnaround.



Z Ngcakani
Chairperson



There has been a steady and noticeable improvement in the performance of the entity over the past three years reflected in SHRA's achievement of its annual performance targets, improving from 55% in 2015/16, 67% in 2016/17 to 78% in the period under review.

Expenditure of both the capital and institutional investment grants has also increased steadily. SHRA expended 48% of the allocated Institutional Investment Grant in 2016/17 which increased to 95.36% expenditure in the period under review. Capital grant expenditure has increased from R196 237 386 in 2015/16, R334 062 791 in 2016/17 to R617 473 701 in the period under review.

A number of internal interventions were instituted in 2017/18 including a rigorous recruitment drive which saw the vacancy rate reduce from 54,5% at the end of March 2017 to 15,9% at end of March 2018. The SHRA developed a new operating framework for the entity supported by revised policies and standard operating procedures as well as a Monitoring and Evaluation Framework, ICT Strategy and the procurement of a holistic ICT system to automate our systems. These interventions are intended to support the operationalisation of our strategy and enhance the performance of the entity.

The SHRA team has developed new values for the entity because we understand that culture helps guide all decisions and how the organisation behaves and responds to stakeholders. Our success

CHIEF EXECUTIVE OFFICER'S OVERVIEW

will be determined by how we implement our new strategy and systems and therefore our culture and values are being placed at the core of what we do and how we achieve our mandate of bringing social housing solutions to our beneficiaries. It is often said that aptitude only gets you part of the way; it is attitude that takes you the rest of the way.

The SHRA has moved beyond an entity that required stabilisation three years ago to one that has the strategy, plans, systems, policies, processes and skills in place, within an organisational environment conducive to allowing the entity to economically, efficiently and effectively deliver on its mandate.

In terms of delivery of social housing units, 3 519 further units were delivered in the period under review. This also demonstrates an upward trajectory in performance given that 3 054 and 3 058 units were delivered in 2015/16 and 2016/17 respectively. The number of new completed units is, however, a very moderate contribution toward the total demand in the country and the management team is focused on efforts to increase this contribution meaningfully.

SHRA's total portfolio of units regulated was 32 046 at the close of the period. This represents 32 046 families that are housed in clean, safe, healthy environments in which to raise their children as well as allowing these families better access to job opportunities and social amenities.

The SHRA has provided support to the Department in designating a further 138 Restructuring Zones as well

as assisted in building capacity in the Municipalities with new zones. Partnerships have been formed with key enablers in the social housing value chain for example an Implementation Protocol was signed with the Housing Development Agency (HDA) in December 2017. This agreement seeks to formalise the partnership between SHRA and the HDA in the acquisition of land and buildings for social housing development. The SHRA has also partnered with municipalities and provinces to pro-actively identify land and buildings for social housing development as well as fund project feasibility studies.

These achievements are all viewed as positive trends in the entity and ones we hope to capitalise on further in the coming year.



R Gallocher
Chief Executive Officer

STRATEGIC OVERVIEW

Mandate

The Social Housing Regulatory Authority (SHRA) was established by the National Department of Human Settlements (NDoHS) as prescribed by the Social Housing Act, No 16 of 2008. The SHRA is classified as a national public entity in terms of Schedule 3A of the Public Finance Management Act (PFMA), No 1 of 1999 as amended.

The SHRA's mandate is to capacitate, invest in and regulate the social housing sector. The primary intention of social housing is twofold: firstly, to deliver affordable rental housing for low- to middle-income groups, most of whom do not qualify for free Breaking New Ground (BNG) housing but also do not earn enough to qualify for bank financing to purchase a house; secondly, to achieve spatial, economic and social integration of the urban environments in South Africa.

Social housing is a powerful instrument to address spatial restructuring, economic integration, social development, urban efficiency, urban inclusivity and good urban management.

Social housing is Government's primary housing product that is capable of achieving the desired densities to support spatial transformation. There is a definite demand shift in cities towards rental accommodation, which is expected to grow given the rate of urbanisation.

Vision

A thought-leader, stimulator and regulator of world-class self-sufficient social housing solutions.

The SHRA's vision is to see affordable rental homes in integrated urban environments through sustainable institutions. To achieve this:

- 1 The SHRA will be a world-class organisation resourced by highly skilled, values-driven leaders in the industry;
- 2 The SHRA will fund and facilitate funding for affordable, well designed, environmentally sustainable (energy efficient green) social housing estates;
- 3 The SHRA will ensure investment in communities that form new or regenerated cities, which in turn enhance social mobility and access to basic tenant needs for healthcare, education, transport and communication; and
- 4 The SHRA will be a thought-leader, stimulator and regulator of appropriate policies and research to support programme development for an African model of managed rental and social housing; and will create a self-sufficient social and rental housing environment.

Mission

Facilitate delivery of quality, sustainable social housing at scale to advance the needs of low- and middle-income groups in support of spatial, economic and social restructuring.

Values

The SHRA launched its new values in the period under review:



Service/ stewardship

We know that exceptional service is important, and we intend to go the extra mile to ensure that we meet the needs of our beneficiaries.



Zealousness

We approach every day with a positive attitude, a willingness to grow, a thirst for learning and challenging ourselves.



Connectedness/ interconnectedness

We recognise that everything we do comes about as a result of team effort, and that by co-operation with one another, we achieve results collectively, which enhances our efficiency and effectiveness.



Accountability

We understand that we serve the best interests of the citizens of our country, and as such we are serious about being held responsible and accountable for our words, actions and results.



Our employees are holistic human beings

Our employees are the heartbeat of our organisation. Each one of them matters, they are valued, their opinion matters, their contributions are worthy.



Figure 1:
Staff pledging their
support to the new values
November 2017

Strategic outcome oriented goals

Table 1: Strategic outcome oriented goals and goal statements

 Strategic outcome oriented goal	 Goal statement
1 To establish a well skilled, resourced and led organisation	To restructure the entity and develop new systems, policies and procedures by 2019 to enhance the performance and reputation of the entity
2 To support policy and sectoral leadership within the social housing sector	To provide thought leadership to the social housing sector to ensure sustainability of the social housing programme
3 To establish functioning and well managed delivery agents/entities delivering units that meet a landlord's responsibilities to its tenants	To ensure sufficient capacity to develop projects and manage the 27 000 units expected to be delivered by 2019
4 To effectively regulate the social housing sector through a risk-based, automated system	To revise the accreditation and compliance system to a risk-based automated system by 2019 that will allow for a more effective and streamlined regulatory system
5 To deliver social housing units that result in the restructuring of cities and integrated communities	To deliver 27 000 social housing units by 2019 that adhere to the principles of the social housing programme

Legislative and other mandates



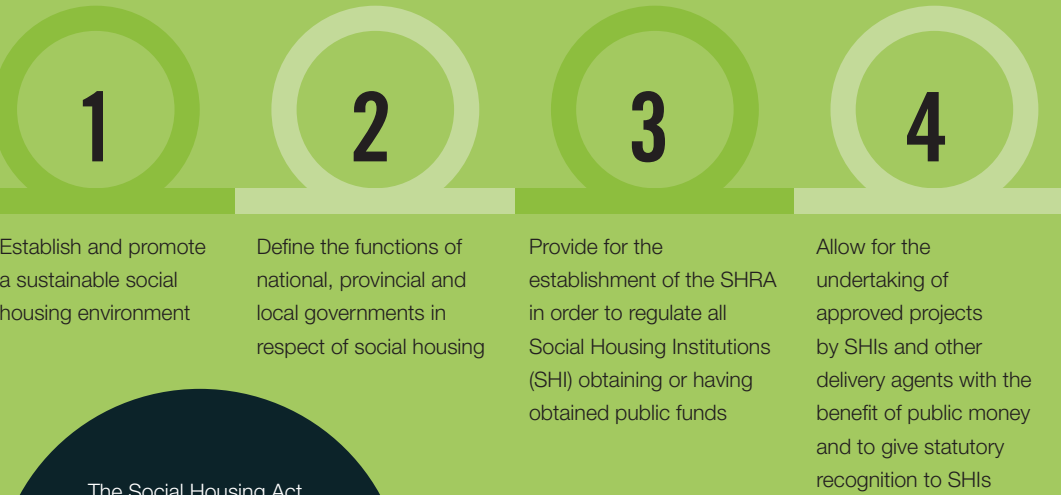
The SHRA derives its mandate from the following key pieces of legislation and policy:

- ▶ The Constitution of the Republic of South Africa, No 108 of 1996
- ▶ The Social Housing Act, No 16 of 2008
- ▶ The Housing Act, No 107 of 1997 as amended
- ▶ The Rental Housing Act, No 50 of 1999 as amended
- ▶ The Public Finance Management Act (PFMA), No 1 of 1999
- ▶ Comprehensive Plan for the Development of Sustainable Human Settlements: Breaking New Ground
- ▶ The Social Housing Policy, 2005
- ▶ The National Housing Code, 2009
- ▶ The National Development Plan 2030: Our Future – Make it Work



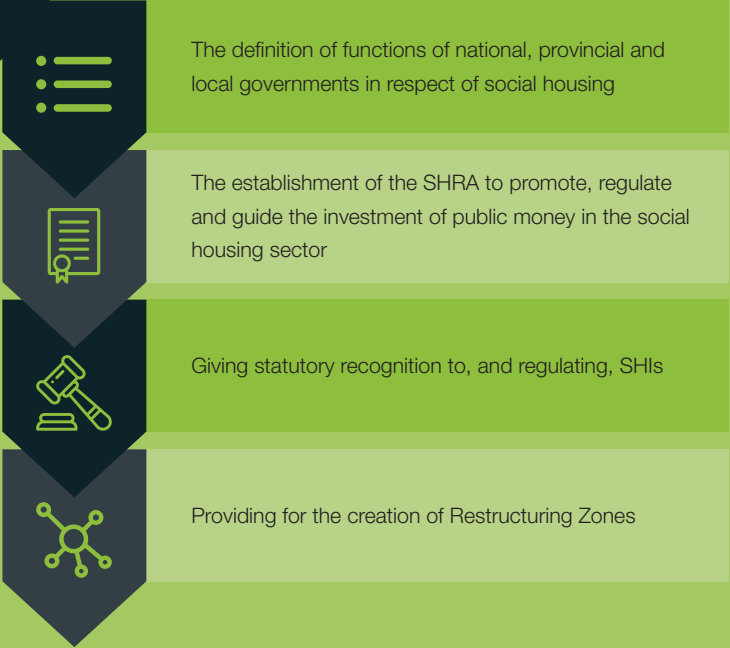
The Social Housing Act, No 16 of 2008

The purpose of the Social Housing Act is to:



The Social Housing Act, No 16 of 2008 provides the regulatory foundation for the social housing sector and sets the framework through which social housing is currently implemented, funded and regulated.

This act provides for the following:



The Social Housing Act defines social housing as

“ a rental or co-operative housing option for low- to medium-income households at a level of scale and built form that requires institutionalised management and is provided by social housing institutions or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding as contemplated in this Act. ”

An SHI is defined as

“ an institution accredited or provisionally accredited under this Act which carries or intends to carry on the business of providing rental or co-operative housing options for low- to medium-income households (excluding immediate individual ownership and a contract as defined under the Alienation of Land Act, No 68 of 1981), on an affordable basis, ensuring quality and maximum benefits for residents and managing its housing stock over the long term. ”

A restructuring zone is defined as

“ a geographic area that has been identified by the municipality, with the concurrence of the provincial government, for purposes of social housing; and that has been designated by the Minister in the Government Gazette for approved projects. ”

The Social Housing Policy states that “the social housing programme has two primary objectives:

1

Firstly, to contribute to the national priority of restructuring South African society in order to address structural, economic, social and spatial dysfunctionalities thereby contributing to Government's vision of an economically empowered, non-racial and integrated society living in sustainable human settlements.

2

Secondly, to improve and contribute to the overall functioning of the housing sector and in particular the rental sub-component thereof, especially insofar as social housing is able to contribute to widening the range of housing options available to the poor.”

Functions of the SHRA

Promote the development and awareness of social housing and promote an enabling environment for the growth and development of the sector

Provide advice and support to the Department of Human Settlements in its development of policy for the social housing sector and facilitate the National Social Housing Programme

Provide best-practice information and research on the status of the social housing sector

Support provincial governments with approving project applications by SHIs and assist, where requested, in the designation of Restructuring Zones

Enter into agreements with provincial governments and the National Housing Finance Corporation to ensure that implementation by these entities is coordinated

Provide financial assistance to SHIs through grants to enable them to develop institutional capacity, gain accreditation as SHIs and submit viable project applications

Accredit institutions meeting criteria for SHIs and maintain a register of such institutions

Conduct compliance monitoring through regular inspections and enforce compliance where necessary

Intervene in the affairs of SHIs in cases of mal-administration

Approve, administer and disburse Institutional Investment Grants and capital grants

Key policy developments and legislative changes

The Minister of Human Settlements, together with the Provincial Members of the Executive Council (MECs) of Human Settlements, approved adjustments to the social housing programme in June 2017. These changes are as follows:

1 Lower income bracket moves from R1 500 to R3 500 per month to R1 500 to R5 500 per month

2 Secondary income bracket moves from R3 500 to R7 500 per month to R5 500 to R15 000 per month

3 The Restructuring Capital Grant (RCG) quantum increases from R125 615 per unit to R155 000 per unit

“ These adjustments ensure that the social housing programme continues its focus on including the primary target market in well-located projects so that the poor are integrated into cities. These adjustments also ensure that more young professionals, or gap market will now benefit from government rental subsidised housing and for developers it means they have more funds to provide spacious and decent rental stock ”

Minister Sisulu

Ministry of Human Settlements, 2017

The SHRA has effected these changes for all projects approved from June 2017 forward, adhering to targets for capital grant to black-owned and controlled companies.

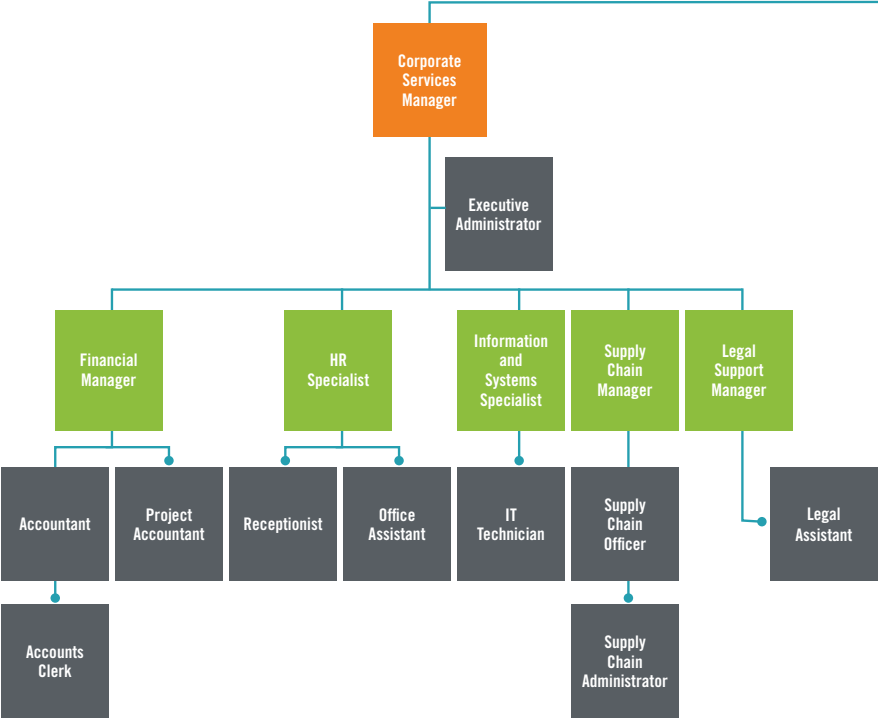
In addition to the amendments to the income band and grant quantum, the Minister and Members of the Executive Council of June 2017 also approved the transfer of the newbuild option, under the Community Residential Unit (CRU) programme, to form part of the social housing programme.

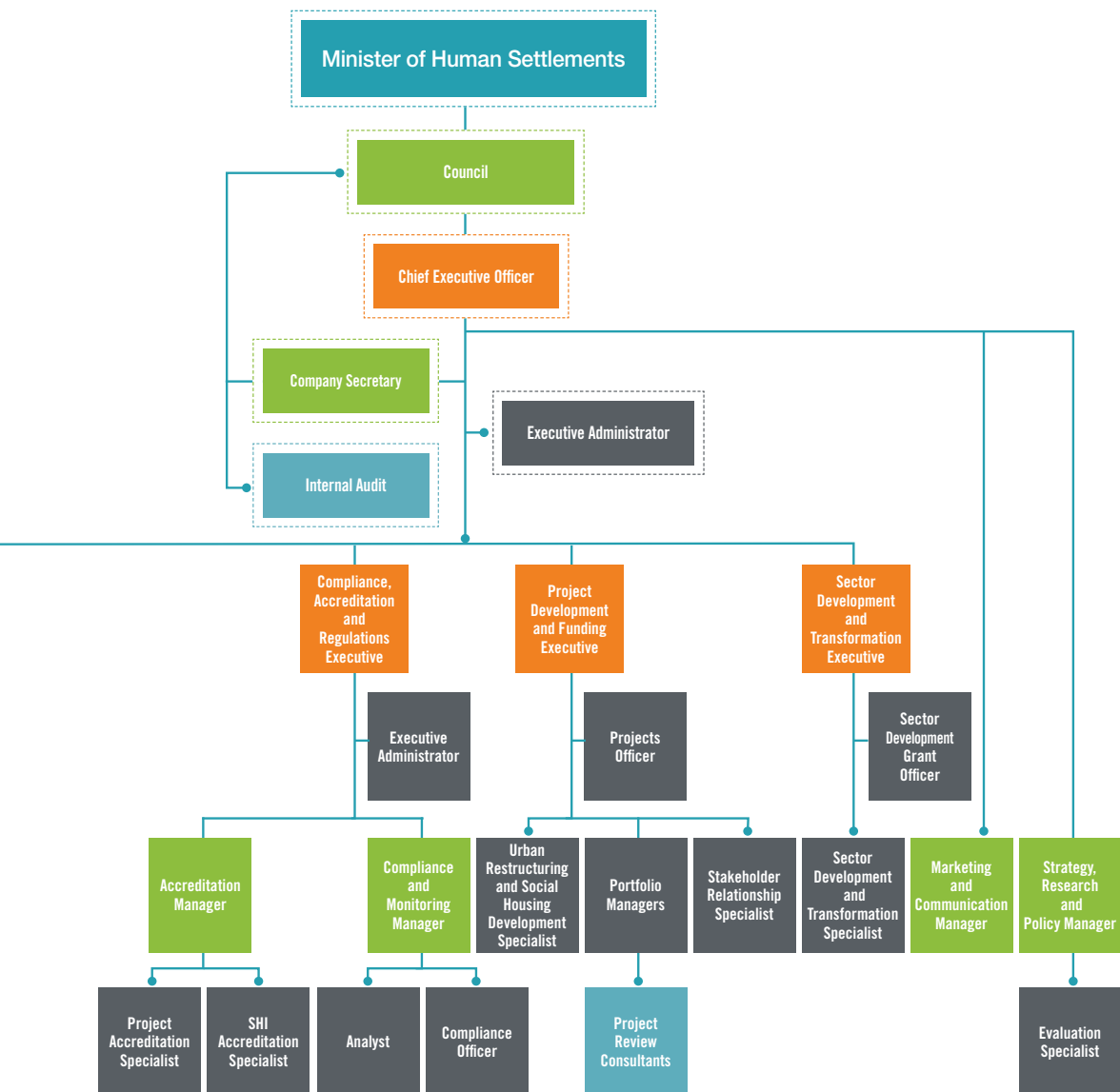
STRUCTURE OF THE ENTITY

The Minister approved the SHRA's new structure on 6 December 2016 and it was implemented in January 2017.

During the period under review, the SHRA Council identified that if the SHRA is to have a meaningful impact on spatial, economic and social restructuring, then it would need to adopt a precinct development approach whereby formerly African townships, for example, would see investment around commercial and retail sites to densify and integrate these areas. The SHRA Council therefore resolved that the entity would investigate the prospect of creating a fifth Executive position in the SHRA management structure to spearhead precinct-based planning and development led by social housing. By the close of the period under review, this work had commenced but will be concluded in the 2018/19 financial year.

Figure 2: The SHRA's approved structure 2017/18





OUR FEATURE PROJECTS



HAMPTONS, eTHEKWINI, KWAZULU-NATAL

SHI: First Metro Housing Company

Accreditation status of SHI: Fully Accredited

Total portfolio of units under management by SHI: 1 967

Number of units in this project: 430

Progress status:

Practically completed in 2017/18

Capital grant awarded to project (CCG):

R108 877 741



AKASIA PLACE, TSHWANE, GAUTENG

ODA: The Housing Hub

Number of units in this project: 400

Progress status:

Practically completed in 2017/18

Capital grant awarded to project (CCG):

R94 624 800



DEVLAND GOLDEN HIGHWAY, JOHANNESBURG, GAUTENG

SHI: Johannesburg Social Housing Company

Accreditation status of SHI: Fully Accredited

Total portfolio of units under management by SHI: 6 823

Number of units in this project: 444

Progress status:

Construction ongoing

Capital grant awarded to project (CCG):

R105 033 528



THEMBELIHLE, TSHWANE, GAUTENG

SHI: Yeast City Housing

Accreditation status of SHI: Fully Accredited

Total portfolio of units under management by SHI: 1 267

Number of units in this project: 734

Progress status:
Completed and tenanted in 2017/18

Capital grant awarded to project (CCG):

R169 772 329



DOBSONVILLE, JOHANNESBURG, GAUTENG

SHI: Johannesburg Social Housing Company

Accreditation status of SHI: Fully Accredited

Total portfolio of units under management by SHI: 6 823

Number of units in this project: 502

Progress status:
Construction ongoing

Capital grant awarded to project (CCG):

R111 432 454



FAIRVIEW LINK EXTENSION PHASE 2, NELSON MANDELA BAY, EASTERN CAPE

This project is an extension to the award-winning Fairview Link project which consists of 368 units

SHI: Imizi Housing Utility

Accreditation status of SHI: Fully Accredited

Total portfolio of units under management by SHI: 1 115

Number of units in this project: 72

Progress status: Under construction to be completed in 2018/19

Capital grant awarded to project (CCG):

R48 596 858

OUR FOOTPRINT

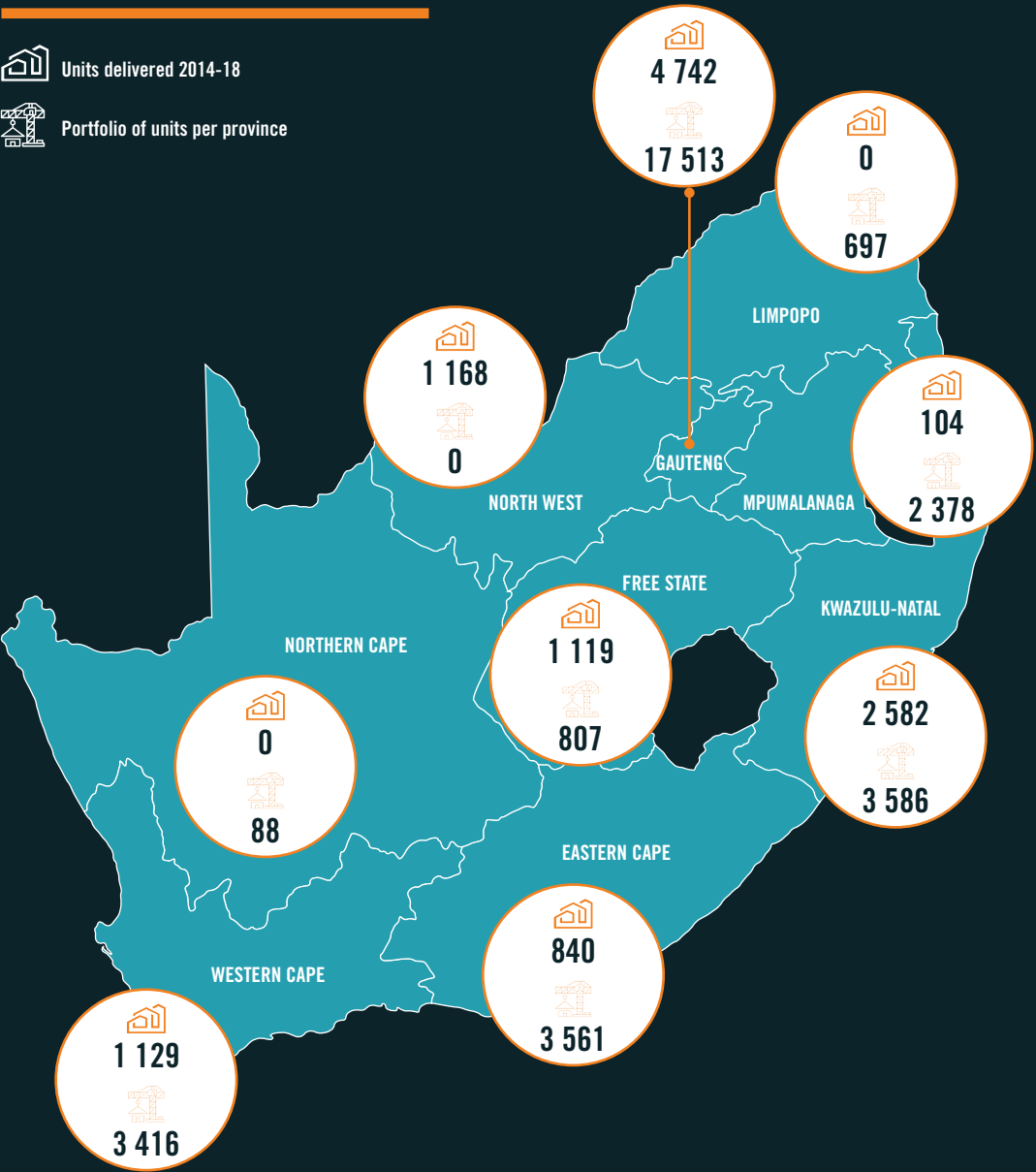
Number of projects during 2017/18



Units delivered 2014-18



Portfolio of units per province





SCOTTSDENE PROJECT, CAPE TOWN



SECTION B: PERFORMANCE

PERFORMANCE OF THE ENTITY

Achievement against performance delivery priorities

The priorities for the 2017/18 financial year as stated in the Annual Performance Plan 2017/18 included a number of different holistic interventions for the organisation; progress made against these within the year is reflected below.

DEVELOPMENT OF THE SOCIAL HOUSING REGULATORY PLAN, SOCIAL HOUSING INVESTMENT PLAN AND SOCIAL HOUSING SECTOR DEVELOPMENT PLAN

The Social Housing Regulatory Authority (SHRA) developed these plans throughout the period under review. These plans form part of the Annual Performance Plan 2018/19.

The plans have adopted a regional approach to the implementation of the social housing programme in accordance with the targets and needs of each Province and Municipality, including secondary towns where demand for social housing is highest.

STRATEGIC HUMAN RESOURCE (HR) MANAGEMENT AND PLANNING TO ENHANCE THE PERFORMANCE OF THE ENTITY

A holistic Strategic Human Resources Plan was developed for the entity and systematically implemented throughout the period under review.

The vacancy rate at the end of the 2016/17 financial year was 54,5%, reducing to 15,9% by the close of 2017/18. This is illustrated in Figure 3.

The SHRA's performance rate increased from 0% in 2014/15, 55% in 2015/16, 67% in 2016/17 to 78% in 2017/18. Year-on-year improvement is reflected in Figure 7.

CREATING AN ENABLING ENVIRONMENT FOR THE DELIVERY OF SOCIAL HOUSING MAINLY THROUGH REGULATION AND AUTOMATION

The SHRA developed a new operating framework for the organisation in the period under review. This was necessary post restructuring of the entity in January 2017. The framework was designed to ensure a coherent, integrated, efficient and effective operating model within which the legislative mandate of the SHRA will be fulfilled. In addition, a new IT system has been procured for the entity.

SUPPORTING AND ENABLING SECTOR PERFORMANCE BY INTERVENING AND ASSISTING SECTOR STAKEHOLDERS TO IMPROVE AREAS OF WEAKNESS

Ensuring the positive financial sustainability of Social Housing Institutions (SHIs) remains critical. The SHRA has instituted a rigorous monitoring system to identify potential challenges within SHIs through the collation of quarterly reports which provide various indicators on the health of each SHI. These reports were analysed in detail and where issues of concern were identified, intervention action plans were developed and executed. There are a number of interventions that the SHRA has executed as well as systems to support SHIs, thereby ensuring the sustainability of the sector, safeguarding the stock and protection of tenants. SHRA has awarded 72 standalone grants comprising a combination of the following types of grants:

- **Staff Gear Up Grant:** The primary purpose of this grant is to assist conditionally and fully accredited SHIs with operational support in the initial tenancing and management of new stock;
- **Project Feasibility Grant:** This grant is awarded to assist in the packaging of projects such that it can qualify for a capital grant award;
- **Pre-Accreditation Grant:** The primary purpose of this grant is to provide assistance to pre-accredited SHIs in establishing the necessary structures and systems to qualify for accreditation as well as manage their first project;
- **General Capacity Building Grant:** This grant applies mainly to professional, knowledge and innovation development of the sector to ensure sustained sector development; and
- **Intervention Grant:** The SHRA may, in terms of the provisions of section 12(1)(c) of the Act, instruct an institution to take remedial action specified in a notice to be issued by the SHRA in terms of section 12. The SHRA may make available funds to assist in meeting the costs of the support required to rectify maladministration.

The work on 23 of these grants has been completed. These represent specific capacitation interventions to support sector stakeholders and project accreditation.

IMPACT THROUGH TARGETED INVESTMENT: INCREASING THE AMOUNT OF SOCIAL HOUSING DELIVERED IN A MANNER THAT RESTRUCTURES CITIES

Special projects were undertaken in the period under review in order to target investment in key localities such as the project identification and packaging in the inner city of Johannesburg and feasibility studies with KwaZulu-Natal Province. The SHRA has also been working with municipalities to encourage demarcation of Restructuring Zones in areas with significant investment potential.



ECONOMIC TRANSFORMATION

New indicators and targets were established in the period under review, such as a number of black-owned or controlled (most SHIs are Non-Profit Companies (NPCs) and therefore would be controlled rather than owned) accredited SHIs and grants awarded to black-owned or controlled SHIs and Other Delivery Agents (ODA). Performance against these targets has been encouraging; for example, 53,8% of the fully accredited SHIs are black-owned or controlled whilst 41,4% of the conditionally accredited SHIs are black-owned or controlled. In addition, 182,7% of the Consolidated Capital Grant (CCG) allocation for 2017/18 was awarded to black-owned or controlled companies.

Furthermore, a capital grant was awarded to The Brown Group Investments (TBGI) in the period under review for development of the Soweto City project. Kotulo Investment Holdings, a military veteran-owned and managed company, holds a 26% equity shareholding in TBGI.

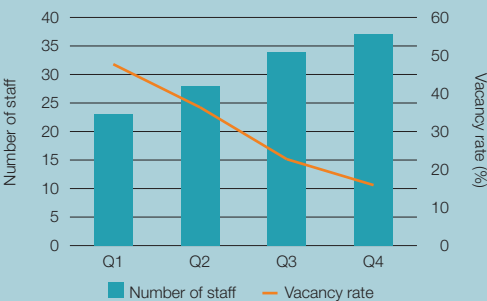
Further work is required to ensure transformation is achieved throughout the entire social housing value chain; for example, the baseline information will need to be collected on the Broad-Based Black Economic Empowerment (B-BBEE) status of the companies that are awarded work by the grant recipient such as the professional team, main contractor and sub-contractors. This will enable the SHRA to measure and then enforce targets for transformation for the following groups: women, youth, people with disabilities and military veterans.

Organisational environment

Through implementation of the new structure and Operating Framework, the SHRA has shifted to a more proactive approach in order to increase the pace and scale of delivery and assisting stakeholders to structure projects. The delivery process, the procedures to register a project on the pipeline and methods to support projects on the pipeline have also been revised so as to enable increased stakeholder participation in social housing delivery.

The drive to increase the headcount of the organisation and fill the positions on the approved structure produced results as demonstrated in Figure 3: The vacancy rate reduced steadily over the course of the period, from 47,7% at the end of quarter 1 to 15,9% at the end of quarter 4.

Figure 3: Number of staff and vacancy rate per quarter 2017/18



The headcount of the entity rose from 23 at the end of quarter 1 to 37 permanent staff (excluding temporary staff) at the end of period as illustrated in Figure 3.

19 924
units approved

Achievement against the strategic outcome oriented goals

Stimulate social housing delivery

To upscale and fast-track social housing development in order to deliver 27 000 units by 2019

Figure 4 illustrates the portfolio of units the SHRA regulates. It can be seen that this portfolio has increased from 26 656 units at the end of quarter 1 to 32 046 at the end of the period. The number of units delivered increased steadily throughout the period, culminating in 3 519 units for the 2017/18 financial year being delivered.

Figure 4: Cumulative number of units delivered and units under regulation per quarter 2017/18

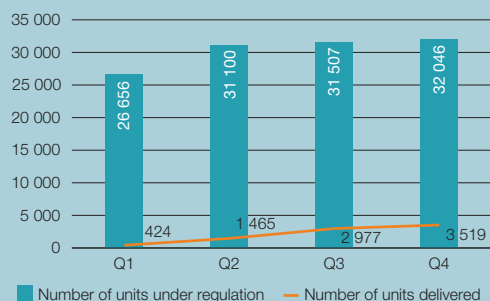


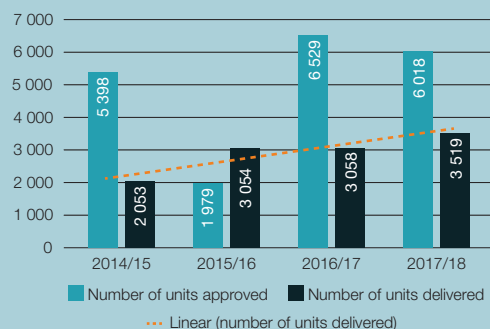
Figure 5 illustrates the number of units approved for capital grant award by the SHRA and the number of units delivered over the Medium Term Strategic Framework (MTSF) period. The total number of units approved over this period is 19 924. The total number of units delivered is 11 684. There has been a steady improvement in the number of units delivered year on year. In 2014/15, 2 053 units were delivered, 3 054 units were delivered in 2015/16,



11 684
units delivered

3 058 units were delivered in 2016/17 and 3 519 units were delivered in 2017/18. There were approximately 500 more units delivered in the period under review than in the previous two financial years.

Figure 5: Number of units approved and delivered each year over the MTSF period



The 6 018 units accredited during the reporting year as reflected in Figure 5 above were drawn from the SHRA's registered project pipeline.

As at close of the reporting period, the SHRA had a project application pipeline of 55 projects comprising 29 665 units spread through six of South Africa's nine Provinces. Of these 55 projects, 29 were applications received from SHIs comprising 15 416 units, and 26 of these 53 projects were applications received from ODAs comprising 14 249 units. The pipeline as at end of March 2018 is included as Annexure C.

PERFORMANCE OF THE ENTITY continued

Figure 6 indicates the total number of social housing units that have been delivered over the MTSF period or that are in the process of delivery. The figure represents achievement against the target of delivery of 27 000 units. A total of 11 684 have been delivered, a further 15 060 are in various stages of delivery with 6 879 of these already under construction and 8 181 have been awarded capital grants but are yet to break ground. The shortfall is 256 units.

Figure 6: Achievement against MTSF target

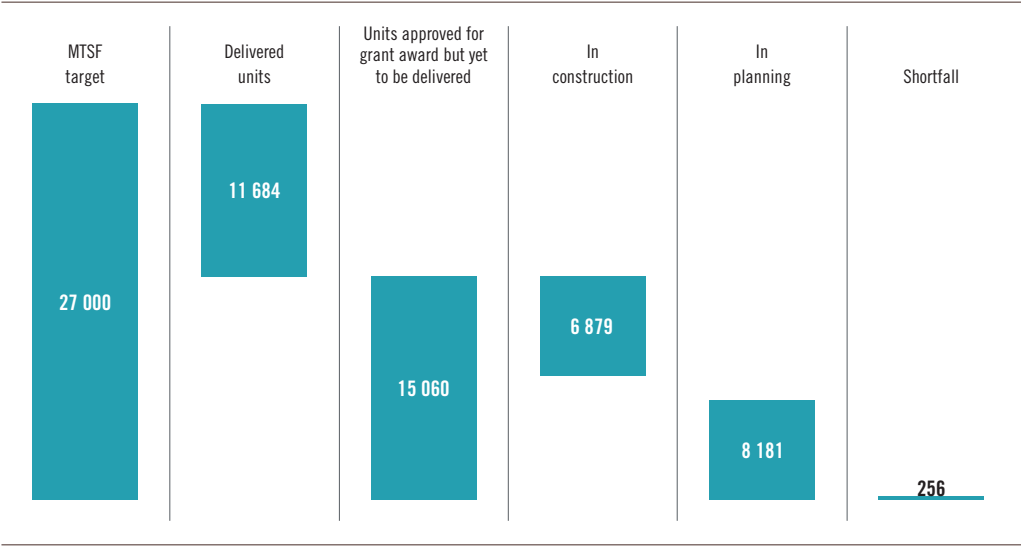


Table 2 illustrates delivery per Province. The MTSF delivery target is broken up into the various Provinces and delivery against each of these Provinces is presented below. The SHRA has prioritised interventions with those Provinces which are struggling to reach their MTSF targets, such as workshops to assist in the process of demarcation of Restructuring Zones as well as assisting in fast-tracking project packaging and institutional support to SHIs and ODAs within these Provinces e.g. North West, Northern Cape, Limpopo and Mpumalanga. The SHRA is playing a development facilitation role through bringing various stakeholders in the Province together to address project delivery shortcomings as are evident in Table 2.

Table 2: Provincial achievement against MTSF target

Provinces	MTSF Target units to be delivered	Actual number of units delivered	Units approved for grant award but yet to be delivered	Of those approved for grant award how many currently under construction	Of those approved for grant award how many under planning or yet to deliver units	Total	Variance
Eastern Cape	1 960	840	2 750	1 525	1 225	3 590	1 630
Free State	1 935	1 119	771	771	–	1 890	(45)
Gauteng	9 905	4 742	8 387	3 346	5 041	13 129	3 224
KwaZulu-Natal	3 085	2 582	20	20	–	2 602	(483)
Limpopo	1 050	–	–	–	–	–	(1 050)
Mpumalanga	1 545	104	–	–	–	104	(1 441)
North West	2 850	1 168	1 377	801	576	2 545	(305)
Northern Cape	565	–	–	–	–	–	(565)
Western Cape	4 108	1 129	1 755	416	1 339	2 884	(1 224)
Total units	27 003	11 684	15 060	6 879	8 181	26 744	(259)

Effective, risk-based, automated regulatory system

To revise the accreditation and compliance system to a risk-based automated system by 2019, allowing for a more effective and streamlined regulatory system

An Information Communication Technology (ICT) Strategy was developed for the SHRA in the period under review. This new ICT strategy focuses on enhancing the entire ICT infrastructure of the entity. Further to this a full specification for a new IT system was developed and an award for an IT vendor was made by the close of the financial year. This system will be implemented in the following period. The system will be comprised of three main components: a Case Management system in order to manage projects, SHI and grant applications; a Document Management system in order to improve the information management of the entity; and a Business Intelligence system in order to enhance reporting and data analysis. This will enable SHIs, ODAs and prospective applicants to

interface with the SHRA through a web portal which will make the process of working with the SHRA far more user friendly and allow applicants to track their submissions throughout the SHRA governance and approval process. These systems will enable the SHRA to leverage greater efficiency, improved monitoring and data analysis, thereby contributing to an improved operating environment.

Professionalised and sustainable social housing sector

To implement accredited social housing training programmes by 2019 in order to professionalise the sector and ensure the required expertise and capacity are created to propel the sector forward

The now defunct Social Housing Foundation, a former national housing agency responsible for capacity building and precursor to the SHRA, developed a number of toolkits for SHIs and Municipal and Provincial officials on social housing. These toolkits are very practical and include examples of policies and processes as well as



draft agreements for sector stakeholders to utilise. These toolkits have not been updated since 2010 and the SHRA is in the process of updating them. They should be ready for publication in the 2018/19 financial year.

The SHRA is working with the Public Service Education and Training Authority to realign the accredited unit standards on social housing in order to ensure the unit standards are relevant and to develop training material. There are three qualifications registered with the South African Qualifications Authority as follows:

- ▶ Social Housing Supervision NQF Level 4 x 2; and
- ▶ Social Housing Property Management.

The registration of these courses had been undertaken around 2005 under the European

Union-funded Support Programme for Social Housing, but no training providers had been accredited to offer these programmes nor has training material been developed.

Enhanced performance of the entity

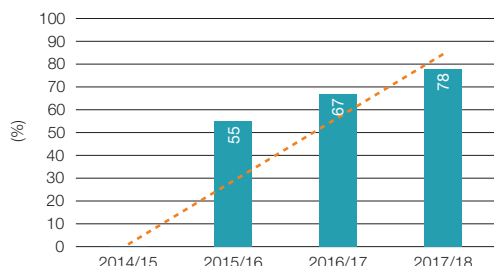
To restructure the entity and implement new systems, policies and procedures by 2019 to enhance its performance and reputation

The SHRA embarked on an ambitious Organisation Development (OD) project in June 2016 in order to ensure that the entity had a strategy, plans, systems, policies, processes and skills in place, within an organisational environment conducive to allowing the entity to deliver on its mandate economically, efficiently and effectively. Within the 2016/17 financial year, the entity was restructured and a number of

HR initiatives implemented. In the period under review the SHRA has implemented the following initiatives to improve the operational environment including:

- ▶ Development of a new Operating Framework, revision of all policies and processes to align to the new structure and Operating Framework;
- ▶ Development and implementation of a Monitoring and Evaluation Framework to better monitor the SHRA and the social housing sector performance;
- ▶ Revision of the SHRA's values to better encompass the needs and vision of the entity and staff; and
- ▶ Development of an ICT strategy and procurement of IT system.

Figure 7: Annual performance rate over MTSF period



As a culmination of these and a number of other interventions such as the recruitment drive, inclusive employee engagement initiatives and enhanced performance monitoring environment, the SHRA's performance has been steadily improving over the MTSF period, as presented in Figure 7. The SHRA's performance has improved from 0% in the first year of the MTSF period to 78% in the period under review. The annual performance rate is a measure of the percentage of the annual targets, as outlined in the Annual Performance Plans, achieved. One area that requires constant attention, that is improving

albeit not at the level the sector requires, is units delivered and capital expenditure. There were significant improvements realised once the entity was stabilised, thus allowing focus on outputs and outcomes such as social housing development, and this is reflected in the improvement over the MTSF period.

The improvement in non-financial performance is mirrored in the improvement of financial performance. Figures 8 and 9 illustrate the expenditure of the Restructuring Capital Grant (RCG)/Consolidated Capital Grant (CCG) and the Institutional Investment Grant over the MTSF period.

Figure 8: Expenditure of the RCG/CCG over MTSF period

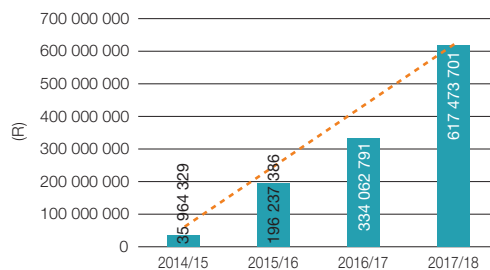
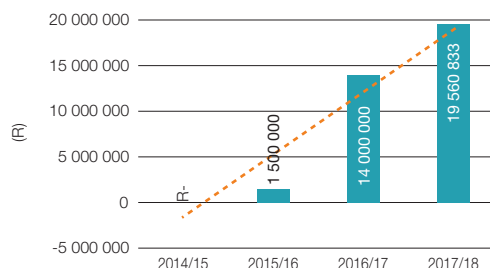


Figure 9: Expenditure against the Institutional Investment Grant over MTSF period



Performance information by programme

The performance tables, Annexure B, reflect the targets and achievement against these targets.

Administration programme

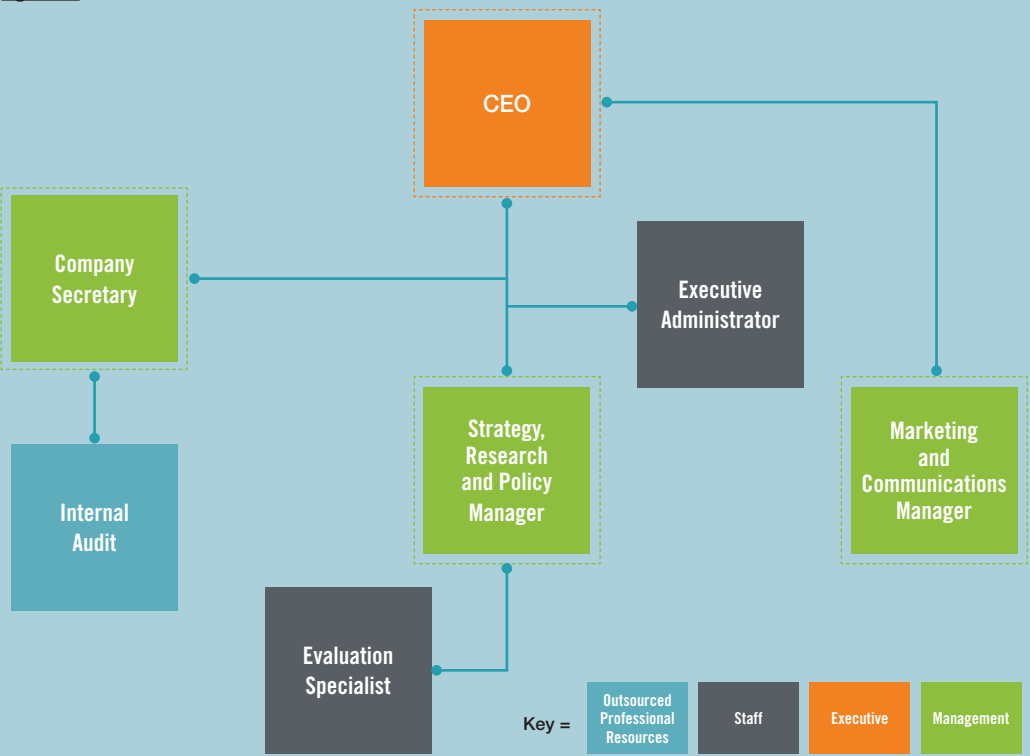
This programme consists of two sub-programmes: Office of the CEO and Corporate Services.

Office of the CEO

The purpose of the Office of the CEO sub-programme is to provide strategic leadership and management of the entity and sector. The sub-programme undertakes research to develop best practice for the sector, to recommend policy changes to the Minister and Department and to support the growth and development of social housing.

- Strategic Planning
- Performance Information
- Monitoring and Evaluation
- Policy
- Research
- Public Relations
- Stakeholder Management
- Marketing and Communication

Figure 10: Office of the CEO structure



Strategy, Research and Policy

As a result of the OD project during the year under review, the following key milestones were achieved:

- ▶ Approved Operational Frameworks for the core divisions of the business;
- ▶ Approved strategic policies and implementation thereof; and
- ▶ Internal staff training on all approved standard operating procedures commenced in March 2018.

The approval of the Monitoring and Evaluation Policy and Framework in September 2017 contributed positively to managing the performance of the SHRA and this is indicative of the upward trajectory in the percentage target achieved at year-end.

Marketing and Communications

As the OD project unfolded it became apparent that the SHRA needed to update its brand to align to its new growth path and values; to that end a new corporate identity was approved by the SHRA's Council in July 2017. This brand will be launched in the next financial year.

Various key stakeholder engagements were held in various Provinces throughout the country; this is dealt with elsewhere in this report.

The Germiston Fire Station Estate was launched on 7 April 2017 in Ekurhuleni. This estate was developed by the Ekurhuleni Housing Company with the support of a R19 479 750 capital grant from the SHRA. The estate consists of 150 social housing units.



Former President Jacob Zuma and the former Minister of Human Settlements, Lindiwe Sisulu, launched the Aloe Ridge (Westgate Grange) social housing estate in Pietermaritzburg on 1 April 2017. This estate consists of 952 social housing units and was, at that time, the largest social housing development to be constructed. This project was developed by Capital City Housing (formerly Msunduzi Housing Association), which has its base of operations in KwaZulu-Natal. The SHRA contributed R119 585 480 towards this project.



The largest social housing project in the country, Flamwood Project in Matlosana, was under construction in the period under review. This project will deliver 1 168 social housing units and will be launched in the 2018/19 financial year. Flamwood is being developed by Instratin Properties which is an ODA.





In support of Women's Month, the SHRA sponsored the Top Woman in Construction award at the Top Women Awards in August 2017. The SHRA also exhibited and presented at the South African Women in Construction Conference.

Figure 15: SHRA staff member awarding the prize for the Top Woman in Construction, Revona Botha



The Govan Mbeki awards were held in November 2017. The best social housing project was awarded to Madulammoho's Belhar Gardens estate which is located in Cape Town. Madulammoho Housing Association is a fully accredited SHI with a number of projects in Johannesburg and Cape Town. Belhar Gardens provides 629 social housing units; the SHRA contributed R79 million to the development of this estate.

Figure 16: Madulammoho receiving their award for the best social housing project



Figure 17: Belhar Gardens

Corporate Services

The purpose of the Corporate Services sub-programme is to support the activities and enhance the performance of the entity. This sub-programme consists of the following functions:

- Finance
- Supply Chain
- Legal
- Corporate Governance
- Risk Management
- Human Resource Management
- Information Technology and Information Management

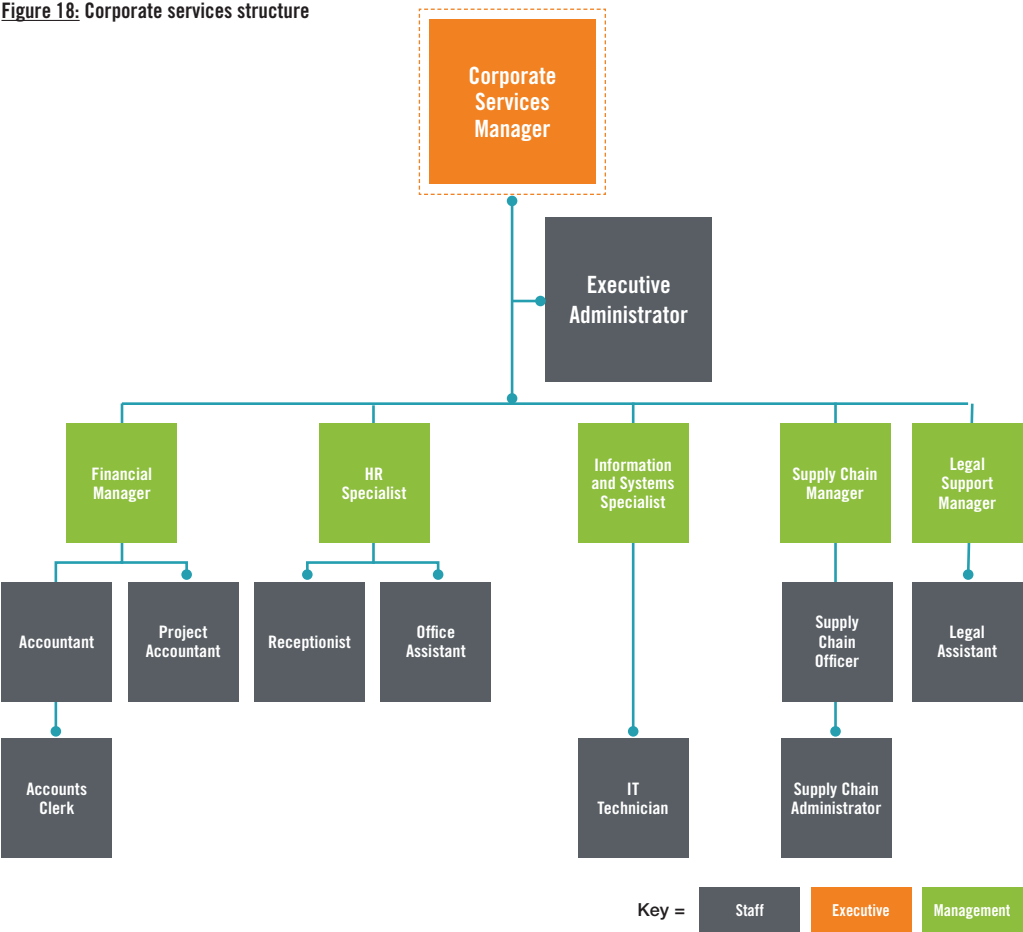
Financial Management

At the end of the financial year the SHRA reported a surplus amounting to R322 820 043, with the following significant income and expenditure classification:

Revenue	R926 963 000
Operating expenditure	R52 395 142
Programme costs	R617 473 701

Both the revenue and the programme costs have increased substantially compared with the previous years, at 87% and 85% respectively. The increase in revenue was primarily the result of the increase in the capital grant by over 100%, partly as a result

Figure 18: Corporate services structure





of consolidating both the RCG and the Provincial Institutional Subsidy (IS) which the SHRA had not been responsible for administering in the prior financial year, while the increase in the programme costs is as a result of delivering completed units and improved contract management which resulted in disbursement against the new contracts that have met Conditions Precedent (CP).

Interest received is earned from three grant allocations: Capital Grant Accounts, Recalled Funds Accounts and the Operational Grant Account.

The opening accumulated cash surplus balance saw a 46,8% depletion amounting to R360 621 091 at the end of the reporting year, while the commitments on the Consolidated Grant Capital (CCG) amounted to R2 708 182 227 as at 31 March 2018.

Overall, the operational expenditure for the year in comparison with the previous year increased as a result of the additional human resources, launching of the State of the Sector Report, the OD project, on-site project travelling costs and procurements of assessors and consultants.

Human Resource Management

The SHRA's vacancy rate at the end of the period under review was 15,90%, with recruitment of four positions currently underway.

As part of embedding the value "*our employees are holistic human beings*", focus was placed on developing and approving the Employee Assistance and Wellness Policy and the establishment of an Employee Assistance Programme and related matters. Health assessments were undertaken, including blood pressure, pulse, blood sugar, cholesterol and optional HIV testing.

An Inclusion and Diversity training workshop was held in March 2018 dealing with the following topics:

- ▶ Culture and organisational culture
- ▶ Gender
- ▶ Generation gap
- ▶ Racism in the workplace
- ▶ Religion

PERFORMANCE OF THE ENTITY continued

Table 3 reflects the performance of the SHRA against the March 2018 approved Employment Equity Plan.

Table 3: Achievement against Employment Equity Plan

Occupational levels	Equity Planning Report							
	Numerical goals for the period 01/04/2017 to 31/03/2018 vs actuals as at 31/03/2018							
	Female							
	African		Coloured		Indian		White	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Top management	–	–	–	–	–	–	–	–
Senior management	2	1	–	–	–	–	–	–
Professionally qualified, experienced specialists and mid management	3	3	1	–	–	–	1	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents	6	7	1	2	1	3	1	–
Semi-skilled and discretionary decision- making	3	2	–	–	–	–	–	–
Unskilled and defined decision-making	–	–	–	–	–	–	–	–
Temporary staff								
Total	14	13	2	2	1	3	2	2

	Overall current distribution per race (excluding temps)			
	African %	Coloured %	Indian %	White %
Target as for 31 March 2018	75,00	10,00	5,00	10,00
Actual as at 31 March 2018	64,86	8,11	13,51	13,51

	Overall current distribution per gender (excluding temps)	
	Numerical	%
Females	20	54,05
Males	17	45,95

Equity Planning Report											
Numerical goals for the period 01/04/2017 to 31/03/2018 vs actuals as at 31/03/2018											
Male											
African		Coloured		Indian		White		Total female	Total male	% female	% male
Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual				
–	–	–	–	–	–	1	1	–	1	–	100,00
2	2	–	–	–	–	–	1	1	3	25,00	75,00
5	3	1	1	1	–	1	1	5	5	50,00	50,00
7	4	1	–	–	2	–	–	12	6	66,67	33,33
2	2	–	–	–	–	–	–	2	2	50,00	50,00
–	–	–	–	–	–	–	–	–	–	–	–
	2							–	2	–	100,00
16	13	2	1	1	2	2	3	20	19	51,28	48,72

	Overall current distribution per race (including temps)			
	African %	Coloured %	Indian %	White %
Target as for 31 March 2018	75,00	10,00	5,00	10,00
Actual as at 31 December 2017	66,67	7,69	12,82	12,82

	Overall current distribution per gender (including temps)	
	Numerical	%
Females	20	51,28
Males	19	48,72

Information Communication Technology (ICT)

Whereas in previous years the SHRA's ICT functions were outsourced to an external service provider, the amended SHRA structure made provision for permanent in-house ICT capacity of two staff members, an Information and Systems Specialist and Information Technology (IT) Technician. During the reporting year, these two positions were filled.

The nature of the business of the SHRA requires it to handle voluminous amounts of documents from application, assessment, accreditation, project accreditation, payment and reporting and this has necessitated a deployment of an integrated automated case and document management system. To that end the SHRA awarded the IT tender to a successful service provider in the year under review to support management in automating the functions of the SHRA; the implementation of this automation project will be rolled out over the following three years.

Key basic governance milestones were achieved in the latter part of the year under review; these are as follows:

- Approved ICT Governance Framework;
- Developed Terms of Reference for both a Business Continuity Plan and Disaster Recovery Plan;
- Approved IT policies;
- Digitalisation of legacy documents;
- Appointment of a Document Management Officer; and
- Development of a Document Management Policy.

Supply Chain Management

The SHRA has a four-member supply chain management (SCM) team that is responsible for ensuring compliance with the National Treasury Supply Chain Management Regulations. Within December 2017 the SHRA appointed an internal incumbent to act in the vacant position of SCM Manager due to the resignation of the previous manager in December 2017.

During the financial year under review, the SCM function was carried out in compliance with policy and was audited by the internal auditors.

The current SCM policy that is implemented by the SHRA is aligned to the National Treasury prescripts.

Legal

Whereas in previous years, the legal function was outsourced to external legal service providers, the revised organisational structure of the SHRA made provision for both a Legal Support Manager as well as a Legal Assistant. Both of these positions on the revised organisational structure were filled during the financial year under review and the legal services function was carried out in accordance with the intentions of management.

With the enhancements made to the SHRA's legal capacity during the reporting year, the SHRA was better able to attend to legal matters that impacted on the National Social Housing Programme.

Below provides an outline of some of the legal matters attended to during the course of the year under review.

DOMUS

Domus, an accredited grant recipient awarded a grant contract to develop a social housing project in the City of Cape Town, was liquidated. In view of the fact that the liquidation order was granted after the SHRA had invested capital grant funding (refer to Note 12 in the Annual Financial Statements) into the construction of the social housing project, the SHRA Council resolved to protect the state investment in the asset. This was successfully achieved.

CAMEL ROCK

Judgment was rendered in favour of the SHRA with a cost order against Camel Rock and the Cost Bill is anticipated to be concluded in the first quarter of the 2018/19 financial year. Criminal proceedings are being pursued by the State Prosecutor's Office.

TENANTS OF VUKUZAKHE FLATS

This is a Gauteng Tribunal matter initiated by tenants of the social housing estate, Vukuzakhe Flats, against the Vukuzakhe Board for illegal evictions, failure to maintain the building and termination of basic services such as electricity, water and sanitation. The SHRA, together with the NDoHS and Gauteng Province, will develop a project intervention plan to assist in this matter.

TAFELBERG (two cases)

At the close of the year under review, the SHRA's support to the NDoHS' case had been lodged and the SHRA was awaiting a determination of the date for the joinder of Ndifunukwazi Non-governmental Organisation and the Minister's cases to be dealt with as a single case.

EVEREST COURT

This matter appeared before the Johannesburg High Court on 26 February 2018 to deal with the SHRA's request for extension of the 90 days to 180 days for administration. The Court agreed to deal with the extension of the administration period through a separate application which will be heard in the first quarter of the new financial year. The SHRA also appointed both an Administrator and social facilitator to regularise the affairs of Everest Court.

TROYEVILLE

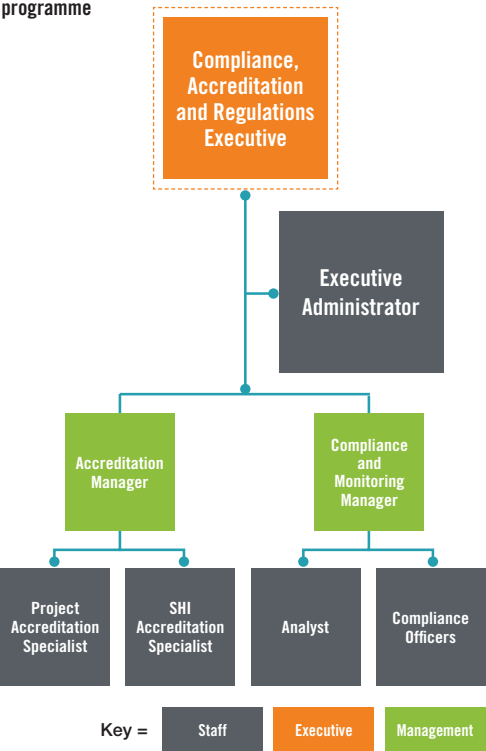
The SHRA successfully obtained the final court order granting administrative powers over the dysfunctional Troyeville Housing Co-Operative which had not applied for accreditation under the Social Housing Act. The SHRA has appointed a social facilitator and was proceeding with the regularisation of the housing co-operative at the close of the reporting period.

Compliance, Accreditation and Regulations (CAR) programme

The purpose of this programme is to accredit SHIs and projects and ensure risk management of the sector for the purpose of attracting private investment and to ensure sustainability of the social housing programme. It is responsible for the regulation of social housing, accreditation of SHIs and project and compliance monitoring.

Should applicant SHIs meet the accreditation qualifying criteria, they would receive either conditional or full accreditation depending on the adherence to the criteria of their application and stock management. Conditional accreditation may be awarded for periods not exceeding two years and full accreditation may be awarded for a period not exceeding five years. However, annual business plans need to be approved by the SHRA.

Figure 19: Compliance, Accreditation and Regulations programme



The SHRA establishes performance benchmarks that relate to the operational and financial indicators of SHIs against which the health of the SHIs is assessed. SHIs with stock are required to submit comprehensive quarterly reports to the SHRA which indicate performance against these benchmarks. These reports are analysed and if performance concerns are raised, then intervention plans are formulated and implemented to ensure the compliance and sustainability of institutions.

The SHRA also undertakes periodic audits of tenants and social housing estates to ensure compliance with the Act and Regulations and ensure the satisfaction of tenants and sustainability of the stock.

The SHRA may intervene in the affairs of SHIs in cases of maladministration.



Table 4 represents the number of units under regulation per institution; there are 25 institutions with stock.

Table 4: Portfolio of units under regulation per institution

Institution	Total number of units	Number of IS funded units	Number of RCG/CCG funded units	Number of community residential units	Number of unsubsidised units
NON-PROFIT COMPANIES					
Cape Town Community Housing Company	1 248	1 148	–	–	100
Capital City Housing	1 316	313	967	–	36
Communicare	339	–	339	–	–
Emalahleni Housing Company	1 307	1 203	104	–	–
First Metro Housing Company	1 967	640	1 184	–	143
Free State Social Housing Company	807	–	807	–	–
Govan Mbeki Housing Company	380	60	–	320	–
Housing Association East London	438	438	–	–	–
Imizi Housing Utility	1 115	–	1 115	–	–
Johannesburg Housing Company	4 479	1 728	–	–	2 751
Madulammoho Housing Association	2 599	867	1 715	–	17
Mbombela Housing Association	26	–	–	–	26
Moko Rental Housing Project	1 272	–	1 242	–	30
Own Haven Housing Association	1 032	258	701	–	73
SOHCO Property Investments	1 843	–	1 839	–	4
South African Swedish International Housing Company	88	88	–	–	–
Steve Tshwete Housing Association	665	614	–	–	51
Yeast City Housing	1 267	343	911	–	13
Sub-total	22 188	7 700	10 924	320	3 244

PERFORMANCE OF THE ENTITY continued

Institution	Total number of units	Number of IS funded units	Number of RCG/CCG funded units	Number of community residential units	Number of unsubsidised units
MUNICIPAL OWNED ENTITIES					
Ekurhuleni Housing Company	1 132	988	144	–	–
Housing Company Tshwane	655	94	–	–	561
Johannesburg Social Housing Company	6 823	685	1 723	–	4 415
Polokwane Housing Association	697	508	–	189	–
Sub-total	9 307	2 275	1 867	189	4 976
ODAS					
Norvena Property Consortium	295	–	295	–	–
South African Solid Estates	136	–	136	–	–
Sub-total	431	–	431	–	–
CO-OPERATIVES					
Troyeville Housing Co-operative	120	120	–	–	–
Total	32 046	10 095	13 222	509	8 220

Figure 20 indicates the composition of the total portfolio of units under regulation; the greatest share of units under management have been funded by SHIs through the RCG (now the CCG) at 41% or 13 222 units. The second greatest share of units have been funded through the IS programme: 32%, 10 095 units. SHIs manage 8 200 unsubsidised units. The majority of the unsubsidised units being managed by Municipal Owned Entities (MOE) is public rental stock that has been transferred to the MOE to manage. Only a small percentage, 2%, are Community Residential Units (CRU).

Figure 20: Portfolio of units under regulation

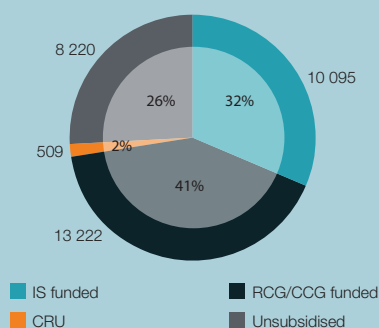


Figure 21 indicates the number of units under regulation per Province. The greatest share of units is under Gauteng with 17 513 units under regulation, followed by KwaZulu-Natal with 3 586 units, Eastern Cape with 3 561 units, Western Cape with 3 416 units, Mpumalanga with 2 378 units, Free State with 807 units, Limpopo with 697 units and Northern Cape with 88 units.

Figure 21: Number of units under regulation per Province

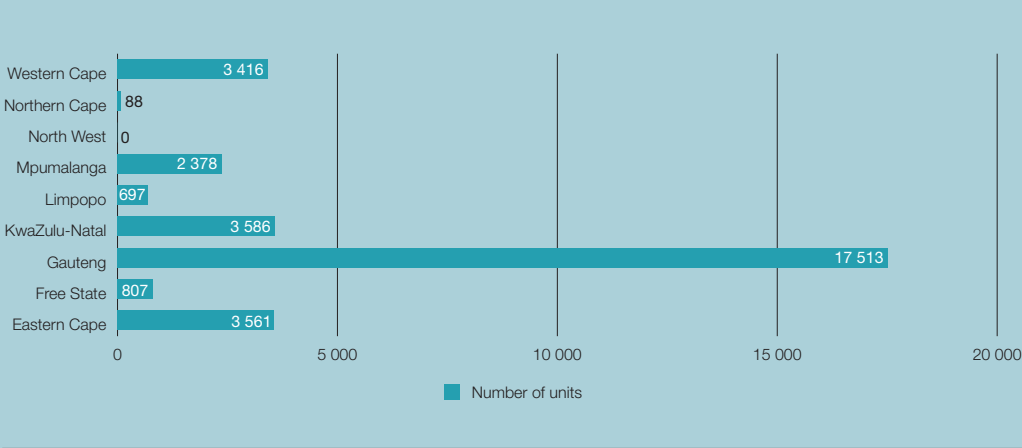
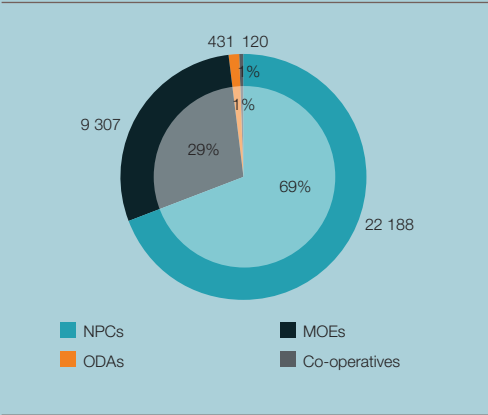


Figure 22 illustrates the number of units managed by the different types of organisations. NPCs manage the greatest share of units, 69% or 22 188 units are managed by this type of SHI. There are 23 NPCs that are accredited SHIs with stock. MOEs, of which there are 4, manage 29% of the stock, 9 307 units. There is currently two ODAs managing 1% (431 units). Only one co-operative manages 120 units. It is anticipated that the number of units under management by ODAs will increase in the forthcoming year as 48% of the units on the pipeline have been submitted by ODAs and 29% of the units approved for capital grant award in the period under review are from ODAs. The SHRA's target in the forthcoming financial year is for 20% of the capital grant to be awarded to ODAs.

Figure 22: Number of units managed by different type of organisation



PERFORMANCE OF THE ENTITY continued

There are eighty-three (83) SHIs that are accredited and registered in the SHRA's Accreditation Register. Annexure A contains the list of all accredited entities. Figure 23 represents the accredited SHIs; 13 are fully accredited and 70 are conditionally accredited.

Figure 23: Number of fully and conditionally accredited SHIs

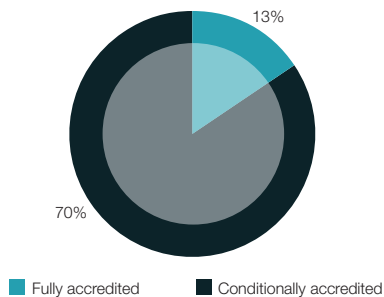


Figure 24 represents the number of accredited SHIs per Province. Gauteng has the greatest number of accredited SHIs; four are fully accredited and 32 are conditionally accredited. There are 14 accredited SHIs in KwaZulu-Natal, of which one is fully accredited. Western Cape has 11 accredited SHIs, three fully accredited. The Eastern Cape has nine

accredited SHIs, three fully accredited. Mpumalanga has six accredited SHIs, one fully accredited. Free State, Northern Cape and Limpopo each have two accredited SHIs. North West has one accredited SHI.

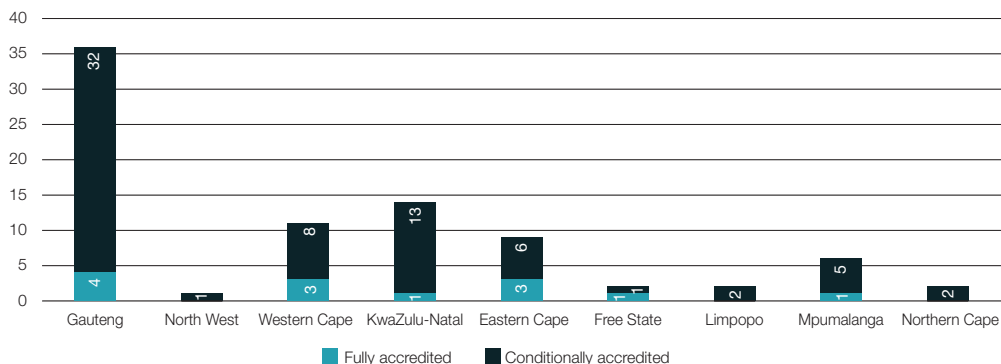
In total, 53,8% of the fully accredited SHIs are black-owned or controlled whilst 41,4% of the conditionally accredited SHIs are black-owned or controlled. The SHRA is still in the process of collecting B-BBEE certificates from all SHIs, so this figure is likely to increase.

Sector Development and Transformation Programme

The purpose of this programme is to support the growth and development of the social housing sector as well as administration of the Institutional Investment Grant. It is responsible for the growth and development of SHIs and ODAs, transformation and empowerment of the social housing sector, assessment of applications for Institutional Investment Grants and coordination and management of Institutional Investment Grants.

This programme also seeks to build relationships with other agencies that have capacity to support

Figure 24: Number of fully and conditionally accredited SHIs per Province

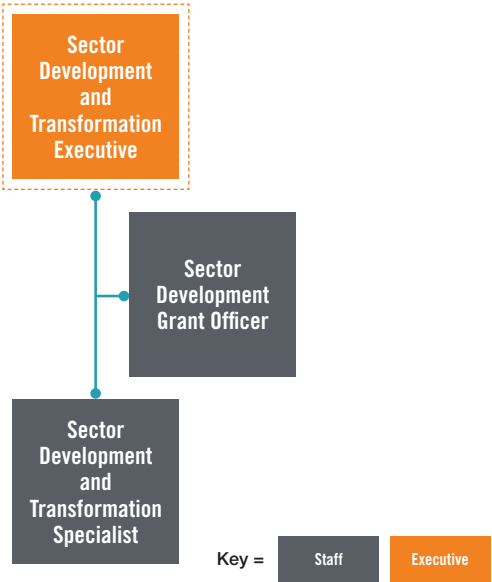


the sector, such as the Housing Development Agency (HDA) and Public Investment Corporation (PIC). The SHRA seeks to grow the social housing programme and therefore it cannot be reliant on only once source of debt financing and equity financing; it needs to facilitate financing for the sector from other sources and it was within this context that the PIC was approached in the period under review.

The SHRA has initiated a Provincial Steering Committee (PSC) Chairperson's Forum which is a sub-committee of the National Rental Housing Task Team. All nine Provinces are required to form and manage PSCs but the experience has been that different Provinces' PSCs function at differing levels of effectiveness and therefore this new forum was created to share information and support programme performance.

Furthermore, the SHRA develops an annual Stakeholder Engagement Matrix which identifies these agencies and includes an engagement plan which is implemented throughout the year.

Figure 25: Sector Development Programme structure



The SHRA aims to work with local authorities to ensure land and buildings in prime locations are released for social housing development. The SHRA formed a partnership with the City of Johannesburg and the HDA to secure land and buildings for inner-city social housing development. Feasibility work was funded where 785 properties in the inner city were screened and further assessment on a shortlist of site assemblies was subsequently undertaken. A number of these properties have been identified for acquisition for social housing. The SHRA also plans to launch similar initiatives with the eThekweni and Ekurhuleni Metropolitan Municipalities as well as in other urban areas. The beneficiaries of the Inner-City Acquisition projects will be accredited institutions that are 100% black-owned or controlled, who have not yet benefited from the social housing capital grant.

The SHRA is also assisting the KwaZulu-Natal Department of Human Settlements with pre-feasibility studies that include implementation and packaging assistance on the social housing project pipeline of the Province. This relates to 15 potential projects in eThekweni (inner-city projects included) and 12 potential projects in the KwaZulu-Natal leader towns where new Restructuring Zones were recently demarcated and promulgated.

In 2017 a further 138 Restructuring Zones were gazetted, which will greatly enable social housing development. The SHRA has been working with Provinces and Municipalities that have not extended their Restructuring Zones to demarcate zones for approval and gazetting (primary examples are mining towns and other secondary towns that have substantial growth and demand for social housing). The SHRA is also working with the new Restructuring Zone Municipalities on implementation of social housing within their areas. An assessment of the 2011 gazetted zones has been completed and is currently under consideration to make appropriate recommendations on the implementation of the Restructuring Zones going forward. There is a need

PERFORMANCE OF THE ENTITY continued

to align these to municipal zones, e.g. integration zones and other Government initiatives.

A number of compliance matters related to existing accredited SHIs were identified in the year and specific interventions are underway to appropriately support institutions such that these compliance matters may be resolved. Furthermore, support and assistance to new institutions are undertaken on a continuous basis to the extent that the accreditation requirements may be met during the accreditation process while compliance matters receive the appropriate support throughout.

Support on potential social housing projects is continuing and two projects, where grants were approved and implemented, qualified for CCG funding in the period under review where these projects were accredited. Support on other projects

is continuing and it is expected that an increasing number of projects will come to fruition in the future as a result of project support.

The SHRA also works with the National Association of Social Housing Organisations (NASHO) to ensure that issues raised by their membership as well as aspects related to the sector where input is required can be appropriately dealt with. This has been institutionalised where bi-annual meetings are arranged and an annual engagement with Council members has also been introduced.

The SHRA has a working relationship with the Equal Spaces Programme to align capacitation initiatives for the social housing sector including precinct-based development initiatives in four Metropolitan Municipalities. This programme is an initiative of the Canadian and South African Governments where funding and resources are made available to capacitate the social housing sector. The programme supports precinct planning work in four metropolitan areas and also provides capacity support to the SHIs; and it is in both of these where collaboration with the SHRA has been established and is ongoing through a Project Co-ordination Meeting scheduled on a quarterly basis. Three study tours to Canada have been arranged and funded through the Equal Spaces Programme in order to transfer skills from the well-established Canadian social housing sector to South African Government officials and SHIs. The first study tour focused on enhancing back office efficiencies within SHIs, the second on urban regeneration strategies and the third on growing and building capacity in the social housing sector. In addition, work on gender equality within the social housing sector was also undertaken as part of this programme.

The majority of tenants in social housing estates are female; evidence suggests that safety and security are the main reasons women, particularly female-headed households, select social housing as their preferred tenure option. Social housing estates can



become a key interface with vulnerable women by providing access to a range of social services.

In terms of demography of leadership in the SHIs, the vast majority of directors are black males, with males constituting more than double the number of female directors. This is mirrored in the managerial positions of SHIs. Further transformation is required to ensure women are equal stakeholders in the sector.

The SHRA was part of the South African Women in Construction (SAWIC) annual event in August 2017 where opportunities for women in the sector were highlighted. A training workshop was held in Nelson Mandela Bay with approximately 50 women from a consortium called Women in Business Consortium on 8 December 2017. The basic intent of this initiative was to provide the background to and opportunities in the social housing programme.

The SHRA aims to provide women-owned enterprises with 30% of the total funding as well as make provision for 10% youth empowerment across the delivery chain of social housing. Targets need to be established for people with disabilities and military veterans. The SHRA is compiling a comprehensive Growth and Development Strategy for the sector which will include a transformation plan to ensure empowerment targets are established across the entire social housing value chain. The first step has been partially completed in the period under review, which comprises collecting the baseline data; the Annual Performance Plan indicators allowed for data to be collected on the number of black-owned and controlled SHIs and percentage award of capital grant funding to black-owned and controlled companies.

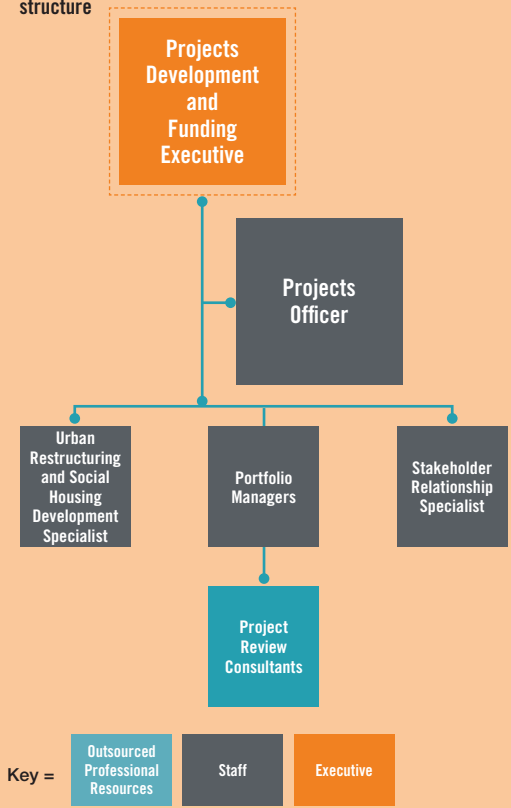
The development of the social housing sector is therefore continuing and it is important that such growth and development occurs within the context of transformation. Some targets have been set for transformation although it is envisaged that transformation should occur and be measured and monitored throughout the social housing value chain

to eventually lead to real transformation. The strategy to achieve this objective is receiving great attention for implementation in the next financial year.

Project Development and Funding programme

This programme looks at the methods of ensuring the SHRA delivers on the MTSF target of 27 000 units. Partnerships and coordination of the sector stakeholders in the development of social housing is imperative. It is responsible for pipeline planning, capital grant contract management, partnership with Provinces and Municipalities, partnerships with other Government departments, partnerships with other funders to secure loan funding for social housing development and partnerships with the private sector.

Figure 26: Project Development and Funding programme structure



PERFORMANCE OF THE ENTITY continued

Units delivered

The units delivered in the year under review are indicated in Table 5. A total of 3 519 units were delivered in the period under review.

Table 5: Units delivered per project and quarter 2017/18

Project name	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total for 2017/18
Akasia	40	110	140	70	360
Delville		100			100
Brandwag Phase 3				48	48
Hillside View				202	202
Devland/Golden Highway		105			105
Mogale Junction			770		770
301 Marshalltown			42		42
Thembelihle	384	109			493
Pennyville		112			112
Dobsonville		101	115		216
Hamptons		132		150	282
Hilltops		120*			120
Westgate Grange (Aloe Ridge)			149		149
Fairview Extension Phase 2				72	72
Flamwood		152	296		448
Total	424	1 041	1 512	542	3 519

* Corrected from 136 which was reported in quarter 2.

Units approved

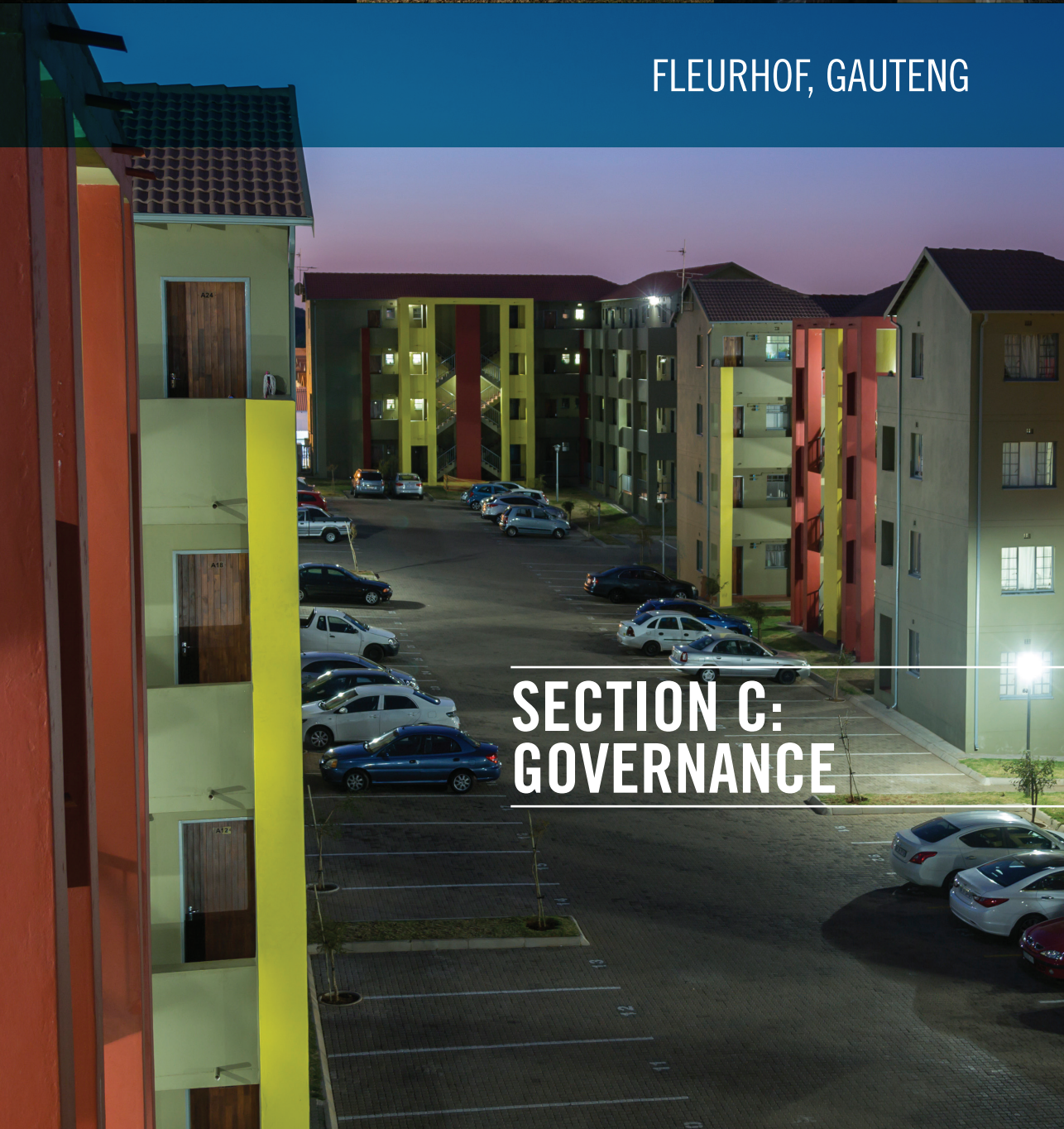
The list of projects approved for the financial year is presented in Table 6. A total of 6 018 units were approved for capital grant funding.

Table 6: Units approved in 2017/18

Grant recipient	SHI/ODA	Project	Province	Municipality	Number units	CCG R
Toro Property Management	SHI	Garankuwa	Gauteng	Tshwane	1 592	423 387 624
Povicom	SHI	Regent Villas	Western Cape	City of Cape Town	104	27 658 488
MBLC Housing	SHI	Sunnyridge Project	Eastern Cape	Buffalo City	853	226 852 791
Kenso Developers	ODA	Hillside View	Free State	Mangaung	839	178 528 839
The Brown Group	SHI	Soweto City	Gauteng	City of Johannesburg		
Investments (TBGI)					507	134 835 129
Instratin Properties	ODA	Carnival City	Gauteng	Ekurhuleni	888	236 160 936
DCI Holdings	SHI	Heideveld	Western Cape	City of Cape Town	180	47 870 460
DCI Holdings	SHI	Goodwood Station	Western Cape	City of Cape Town	1 055	280 574 085
Total					6 018	1 555 868 352



FLEURHOF, GAUTENG



SECTION C:
GOVERNANCE

SHRA COUNCIL



MR ZT NGCAKANI
(Chairperson)



MR IW KOTSOANE



MR S GANDA



MR MI HIGGINS



MR MR MOROKA



MR PWW XIMIYA



MR MM CHIKANE



MS KE KWINANA



ADV M MDLUDLU



MR M MXENGE



MR R GALLOCHER
(Chief Executive Officer)



MS A PUOANE
(Corporate Services Manager)

GOVERNANCE

Introduction

The Social Housing Regulatory Authority (SHRA) Council is committed to the highest standards of corporate governance, as defined in the Public Finance Management Act (PFMA) and the King IV Report on Corporate Governance. The SHRA strives and makes all reasonable endeavours to implement the best processes and principles of good corporate governance to assist its Council in discharging their duties and responsibilities, which includes the delivery of good service to all stakeholders.

Assessment of Corporate Governance compliance

The Council of the SHRA, on a quarterly basis, undertakes regular assessments on the application, implementation and adherence to the Social Housing Act and its Regulations, the PFMA and King Principles. The outcome of these assessments reveals that the SHRA's governance processes are well entrenched.

The roles and responsibilities of the Council

The roles and responsibilities of the Council as stipulated in the Council Charter include but are not limited to the following:

- ▶ Council shall, at all times, retain full and effective control over the organisation, give strategic direction, and monitor the performance of the business and affairs of the organisation;
 - ▶ Council has a responsibility to the broader stakeholders, which include, *inter alia*, the present and potential beneficiaries of the SHRA's services, clients, suppliers, lenders, employees and the wider community, to achieve continuing prosperity for the organisation's mandate;
 - ▶ Council members carry full fiduciary responsibility and owe a duty of care and skill to the SHRA;
 - ▶ Council shall exercise leadership, integrity and judgement in directing the organisation's affairs to achieve continuing prosperity within the context of transparency and accountability;
 - ▶ Council shall oversee, approve, monitor and review the organisation's strategy and business plans, major plans of action, policies, appropriate systems and annual budgets;
 - ▶ Council shall establish performance objectives to enable it to measure Management's performance and the progress of the organisation in attaining set goals, objectives and targets; and
 - ▶ Council shall ensure that information technology governance and systems used in the organisation are appropriate for it to run the business properly and competitively through the efficient use of its resources.
-
- ▶ Council shall assume ultimate accountability and responsibility for the performance and affairs of the SHRA and shall in so doing effectively represent and promote the legitimate interests of the organisation and its Shareholder;

Adherence to the King IV Code Principles

Table 7 illustrates Council's commitment and adherence to the King IV Code's Principles on good governance.

Table 7: King IV assessment

GOVERNANCE OUTCOME: ETHICAL CULTURE	
PART 1: Leadership, ethics and corporate citizenship	
Principle 1	Leadership
The Council should lead ethically and effectively	<p>The Council is committed to the highest standards of corporate governance. The responsibilities of the Council include providing effective leadership based on an ethical foundation. To this end, the Council has adopted a Code of Ethics which is designed to ensure the effective management of ethics and is applicable to all Council members and employees across the organisation. The Council and its respective committees monitor compliance with the Code of Ethics on an ongoing basis.</p> <p>Council members have a legal obligation to prevent conflicts of interest with the organisation and are obliged to disclose any potential conflicts prior to any consideration or discussion by the Council of such items and are required to excuse themselves from any meetings while such discussions are in progress.</p> <p>Practices implemented with regard to the appointment of new Council members are included under Principle 7 below.</p> <p>A performance and effectiveness assessment is performed annually in respect of the Council and the Audit and Risk, the Human Resources and Remunerations and the Transformation, Social and Ethics Committees. The results of those assessments are communicated to the Council and its committees.</p>
Principle 2	Organisational ethics
The Council should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<p>In accordance with the Council Charter (which is reviewed annually in August), the Council is the guardian of the values and ethics of the organisation and sets the tone for an ethical organisational culture. The Council has a fiduciary duty to act in good faith, with due care and diligence and in the best interests of the organisation and its stakeholders and is therefore the primary body responsible for the corporate governance values of the organisation. While control is delegated to Management in the day-to-day management of the organisation, the Council retains full and effective control over the organisation.</p> <p>The Code of Ethics adopted by the Council commits the organisation and its employees to the highest ethical standards of conduct and amongst others regulates aspects of confidentiality, non-discrimination, the acceptance of gifts, bribery and political contributions.</p>

GOVERNANCE OUTCOME: ETHICAL CULTURE continued

PART 1: Leadership, ethics and corporate citizenship continued

Principle 3	Responsible corporate citizenship
The Council should ensure that the organisation is and is seen to be a responsible corporate citizen	<p>The Transformation, Social and Ethics Committee, which reports to the Council, reflects and effects the organisation's commitment to responsible corporate citizenship. The SHRA subscribes to the provisions of the Promotion of Equality and Prevention of Unfair Discrimination Act. The organisation's good corporate citizenship is further evidenced by its promotion of the reduction of corruption, as well as its contribution to the development of the communities in which its activities are predominantly conducted. The organisation maintains a record of sponsorship, donations and charitable giving.</p> <p>During the period under review there were no material fines or penalties incurred which needed to be brought to the attention of stakeholders.</p>

GOVERNANCE OUTCOME: GOOD PERFORMANCE

PART 2: Strategy, performance and reporting

Principle 4	Strategy and performance
The Council should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	<p>The Council, as a whole and through its committees, approves and monitors the implementation of the strategy and business plan of the organisation, sets objectives, reviews key risks and opportunities that could threaten or enhance the organisation's ability to provide sustainable long-term growth to stakeholders, and evaluates performance against the background of economic, environmental and social issues relevant to the organisation.</p> <p>Risk disclosures, together with the steps to mitigate the same, are made annually in the Integrated Report. The Council discloses the top risks faced by the organisation and confirms its satisfaction with the management of the risk management processes. The Audit and Risk Committee actively monitors the organisation's key risks as part of its standard agenda.</p>
Principle 5	Reporting
The Council should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects	<p>The Council is responsible for the integrity and transparency of the organisation's reporting and, assisted by the Audit and Risk Committee and the external auditors, oversees the issue of the organisation's annual financial statements and integrated reports. The organisation also ensures that these reports and other information are published on its website.</p> <p>The Council is committed to a communication policy to ensure that timely, relevant, accurate and honest information is provided to all stakeholders to enable them to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.</p>

GOVERNANCE OUTCOME: EFFECTIVE CONTROL

PART 3: Governing structures and delegation

Principle 6	Primary role and responsibilities of the Council
The Council should serve as the focal point and custodian of corporate governance in the organisation	<p>The Council ensures that the organisation applies the governance principles contained in King IV and continues to further entrench and strengthen recommended practices through the organisation's governance structures, systems, processes and procedures. The Council's governance role and responsibilities are set out in the Council Charter and include the focal role of setting the strategic direction of the organisation.</p> <p>The Council meets once every quarter; however, should an important matter arise between scheduled meetings, additional meetings may be convened. The Council may obtain independent, external professional advice at the organisation's expense concerning matters within the scope of its duties and the Council members may request documentation from and set up meetings with Management as and when required.</p> <p>An appropriate governance framework and the necessary policies and processes are in place to ensure entities in the organisation adhere to organisation requirements and minimum governance standards.</p> <p>While it may delegate to its committees and Management where appropriate, the Council remains ultimately accountable for corporate governance in the organisation and for the appropriate and transparent reporting of corporate governance.</p>
Principle 7	Composition of the Council
The Council should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	<p>The Council is comprised of 10 (ten) independent non-executive Council members. All members of the Council have the requisite skills and knowledge from diverse industry backgrounds.</p> <p>The Council is chaired by an independent non-executive member ("Chairman") and the roles of the Chairman and the Chief Executive Officer are separate and clearly defined to ensure a balance of power and effective discharge of duties.</p> <p>The independence of the non-executive Council members is reviewed on an annual basis by the Council against the criteria stipulated by King IV.</p> <p>To ensure a formal and transparent appointment process, any new appointment of a Council member is considered by the Council as a whole. The selection process involves considering the existing balance of knowledge, skills and experience on the Council and a continual process of assessing the needs of the organisation and the Council's effectiveness and ability for it to discharge its governance role and responsibilities objectively and effectively. Council members are appointed by the Accounting Authority.</p> <p>The Council has carried out a formal self-evaluation and is satisfied that the composition of the Council reflects the appropriate mix of knowledge, skills, experience, diversity and independence.</p>

GOVERNANCE OUTCOME: EFFECTIVE CONTROL continued	
PART 3: Governing structures and delegation continued	
Principle 8	Committees of the Council
<p>The Council should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties</p>	<p>The Council has delegated certain functions, without abdicating its own responsibilities, to the following committees (“the Committees”), all of which have been established pursuant to written Terms of Reference:</p> <ul style="list-style-type: none">• Audit and Risk Committee• Transformation, Social and Ethics Committee• Human Resources and Remuneration Committee• Project Development and Funding Committee• Compliance, Accreditation and Regulations Committee <p>The Committees are appropriately constituted and members are appointed by the Council. Meetings of the Committees are formally minuted.</p> <p>The Committees assist the Council to effectively discharge its duties. The composition and mandates of the Committees, as detailed in their Terms of Reference, ensure that there is an appropriate balance of power and that an independent perspective is brought to Council deliberations and that no single Council member has unfettered powers.</p>
Principle 9	Evaluations of the performance of the Council
<p>The Council should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness</p>	<p>The performance and effectiveness of the Council as a whole is evaluated annually. The Chairman of the Council, assisted by the Company Secretary, leads the Council's evaluation process. Items identified for improvement are discussed and followed up to ensure the implementation of recommended actions and the continued improvement in performance and effectiveness.</p>

GOVERNANCE OUTCOME: EFFECTIVE CONTROL continued

PART 3: Governing structures and delegation continued

Principle 10	Appointment of and delegation to management
The Council should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	<p>While retaining overall accountability and subject to matters reserved to itself, the Council has delegated authority to the Chief Executive Officer, other executive members and senior executives to run the day-to-day affairs of the organisation, subject to a Delegation of Authority framework which contributes to the effective exercise of responsibilities. The Council approves and regularly reviews the Delegation of Authority framework.</p> <p>The Chief Executive Officer is accountable to the Council for the successful implementation of its strategy and the overall management and performance of the organisation. The role and responsibilities of the Chief Executive Officer, who was appointed by the Council, are set out in the Council Charter.</p> <p>The Council has satisfied itself that key management functions are fulfilled by competent and appropriately authorised individuals and are adequately resourced.</p> <p>To provide continuity of executive leadership, succession planning is being considered for the Chief Executive Officer, Executive Management and other key positions.</p> <p>The organisation has appointed Celiwe Nkosi as Company Secretary, who reports to the Council on all statutory, regulatory and governance matters concerning the organisation. The performance and independence of the Company Secretary is evaluated by the Council annually and the Council has satisfied itself as to the appropriateness of this appointment and as to the arm's-length nature of this appointment.</p>

PART 4: Governance functional areas

Principle 11	Risk governance
The Council should govern risk in a way that supports the organisation in setting and achieving its strategic objectives	<p>In terms of the Council Charter, the Council is responsible for the governance of risk and the Audit and Risk Committee assists the Council with this responsibility. The Audit and Risk Committee sets the approach for risk governance in a manner that ensures adequate evaluation of opportunity and risk and supports the organisation in setting and achieving its strategic objectives.</p>
Principle 12	Technology and information governance
The Council should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives	<p>The Council recognises the importance of technology and information in relation to the organisation's strategy. The organisation's Information Technology (IT) Policy Framework delegates implementation to Management, and includes the IT strategy, structure and procedures, to ensure alignment with the performance and sustainability of the organisation. The IT Policy Framework has been adopted by the Council. In terms of the Council Charter and the Audit and Risk Committee Terms of Reference, the Council, together with the Audit and Risk Committee, oversee the governance of IT.</p>

GOVERNANCE OUTCOME: EFFECTIVE CONTROL continued

PART 4: Governance functional areas continued

Principle 13	Compliance governance
<p>The Council should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen</p>	<p>The Council delegates its responsibility for the implementation and execution of effective compliance management to Management; however, the Council retains overall accountability for compliance with applicable laws, adopted non-binding rules, codes and standards.</p> <p>The Audit and Risk Committee, together with the Transformation, Social and Ethics Committee and the Company Secretary, review the adequacy and effectiveness of the organisation's procedures to ensure compliance with legal and regulatory responsibilities. Any material incidences of non-compliance and/or significant fines or penalties incurred are reported to the Council and/or the Audit and Risk Committee to ensure that appropriate remedial action is taken.</p> <p>The Council is apprised of relevant new legislation or regulations introduced from time to time to ensure that compliance requirements are kept up to date.</p>
Principle 14	Remuneration governance
<p>The Council should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term</p>	<p>The Council oversees the governance of remuneration and sets the direction for remuneration across the organisation, taking into account market conditions and the organisation's Remuneration Policy. The Remuneration Policy ensures that the organisation remunerates fairly, responsibly and transparently in the context of overall remuneration in the organisation to enable the organisation to achieve its strategic objectives and to secure positive outcomes in the short, medium and long term.</p>

GOVERNANCE OUTCOME: EFFECTIVE CONTROL continued

PART 4: Governance functional areas continued

Principle 15	Assurance
<p>The Council should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports</p>	<p>The organisation is committed to appointing service providers to provide independent assurance on both the financial and non-financial aspects of the business based upon their specific expertise and experience. The Council sets the direction for assurance services and functions but the responsibility for overseeing such arrangements is delegated to the Audit and Risk Committee, which is charged with supporting the integrity of information for internal decision-making use and for external reports.</p> <p>A Combined Assurance Model has been developed and formally implemented across the organisation to effectively cover the organisation's significant risks and material matters. The model includes but is not limited to the organisation's risk management and compliance functions, internal and external auditors and regulatory inspectors, together with such other external assurance providers as may be appropriate or deemed necessary from time to time.</p> <p>The Audit and Risk Committee has satisfied itself as to the independence of the external auditor. Furthermore, the Audit and Risk Committee reviews and approves the appointment of auditors.</p>

GOVERNANCE OUTCOME: LEGITIMACY

PART 5: Stakeholder relationships

Principle 16	Stakeholders
<p>In the execution of its governance role and responsibilities, the Council should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time</p>	<p>The Council acts as a steward of the organisation and each Council member acts with independence of mind in the best interests of the organisation and its stakeholders. In its deliberations, decisions and actions, the Council is sensitive to the legitimate interests and expectations of the organisation's stakeholders. Council members are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. Records of Council members' financial interests are kept and updated on an ongoing basis.</p> <p>The organisation engages its stakeholders on multiple levels and this allows the organisation to manage issues effectively and timeously. The appropriate balance between the organisation's various stakeholders and the best interests of the organisation is assessed on a continuous basis.</p> <p>Stakeholders are kept apprised of the organisation's performance by publication of the Integrated Report, and the interim and year-end results.</p> <p>Management is responsible for maintaining stakeholder relationships.</p>

Composition of the Council

The SHRA's Council is appointed in terms of section 9 of the Social Housing Act by the Minister of Human Settlements; and acts as the Accounting Authority in terms of the PFMA.

The Council consists of "at least seven and not more than 12 fit and proper persons who have knowledge, experience or qualifications in the field of social and rental housing or other applicable competencies for the proper governance of the Regulatory Authority".

The Chief Executive Officer and the Corporate Services Manager serve as executive members of the Council.

The term of the previous Council that was appointed in March 2015 ended in March 2018. The following Council members were appointed effective from 18 March 2018:

- Mr Zolile Ngcakani
- Ms Kelikile Kwinana
- Mr Shadrack Ganda
- Mr Manye Moroka
- Mr Itumeleng Kotsoane
- Mr Phakamile Ximiya
- Mr Igshaan Higgins
- Adv Mandla Mdludlu
- Mr Moses Chikane
- Mr Mbasa Mxenge

The following Council members were not re-appointed:

- Ms Rose Molokoane
- Ms Zukiswa Ntlangula
- Ms Maphuti Lamola
- Ms Nontuthuzelo Mbiza

Council committees

The Council is supported by the following committees:

- Project Development and Funding Committee
- Compliance, Accreditation and Regulations Committee
- Audit and Risk Committee
- Human Resources and Remuneration Committee
- Transformation, Social and Ethics Committee

These committees have been delegated responsibility to assist in matters as defined in their respective approved Terms of Reference. These committees report to the Council on a quarterly basis and provide quarterly reports to Council.

Council and Committee attendance is indicated in Table 11.

Board evaluation

In line with best practice and the governance requirements, the SHRA conducted a Council evaluation in July 2017. Approximately 50% of the Council members participated in the process and the final evaluation report was produced in September 2017. The outcome of the evaluation, shared with the Shareholder, was as follows:

- Uncertainty exists as to whether the SHRA has developed and approved a comprehensive stakeholder engagement programme;
- Uncertainty exists as to the extent to which risk assessments are reviewed and whether the Council is adequately informed about changes to the SHRA's internal and external environment and how this may impact on the SHRA's risk profile and consequently its risk management processes;
- Uncertainty exists as to whether the performance and effectiveness of the Council's committees are regularly evaluated;



- ▶ Most of the Respondents are not satisfied with the quality, including the timeous delivery, of meeting packs for Council meetings;
- ▶ Uncertainty exists as to whether the Council spends sufficient and necessary time addressing strategic matters and reviewing strategic performance; and
- ▶ Uncertainty exists as to whether there are appropriate processes in place for evaluating the performance of the Chief Executive Officer and Senior Executives, including the management of succession planning for these important positions.

A Corrective Action Plan has been developed to address the deficiencies that were derived from the assessment.

Delegation of authority

The Council has delegated the authority for the management of the organisation to the Chief Executive Officer (CEO) by way of a Delegation of

Authority framework. In delegating these powers, the Council has imposed certain restrictions, conditions and limits that they believe to be appropriate for the effective exercise of such delegated powers. The CEO has, in turn sub-delegated authority to the Executive Committee members, who are mandated to further sub-delegate to appropriate officials within the SHRA.

The Council reviews the Delegation of Authority framework every two years, unless there are changes in legislation and policy that require the framework to be reviewed at a specific period.

Organisational strategic policies

The Council is responsible for approval of all strategic organisational policies, in line with the Policy framework.

Table 11: Council and committee attendance

Members	Council meeting 11 meetings including special meetings			Audit and Risk Committee 8 meetings including special meetings			Compliance, Accreditation and Regulations Committee 5 meetings including special meetings		
	Present	Apologies	Absent	Present	Apologies	Absent	Present	Apologies	Absent
Z Ngcakani	9	2	–	–	–	–	–	–	–
S Ganda	8	3	–	7	1	–	–	–	–
I Higgins	11	–	–	–	–	–	5	–	–
I Kotsoane	11	–	–	7	1	–	–	–	–
M Mdludlu	10	1	–	8	–	–	–	–	–
N Mbiza	9	2	–	–	–	–	–	–	–
R Molokoane	4	7	–	–	–	–	3	2	–
Z Ntlangula	7	4	–	2	6	–	–	–	–
M Moroka	6	5	–	7	1	–	5	–	–
P Ximiya	8	3	–	–	–	–	5	–	–
M Lamola	7	4	–	–	–	–	5	–	–
K Kwinana	6	5	–	–	–	–	–	–	–
L Weldon*	–	–	–	3	–	–	–	–	–
F Kobo*	–	–	–	1	2	–	–	–	–

* Two independent Audit and Risk Committee members appointed on 1 September 2017.

	Human Resources and Remunerations Committee 6 meetings including special meetings			Project Development and Funding Committee 10 meetings including special meetings			Transformation, Social and Ethics Committee 2 ordinary meetings		
	Present	Apologies	Absent	Present	Apologies	Absent	Present	Apologies	Absent
Z Ngcakani	4	2	–	–	–	–	–	–	–
K Kwinana	5	1	–	9	1	–	1	1	–
P Ximiya	5	1	–	–	–	–	–	–	–
M Lamola	5	1	–	–	–	–	–	–	–
M Mdludlu	5	1	–	–	–	–	2	–	–
N Mbiza	4	2	–	10	–	–	–	–	–
R Molokoane	2	4	–	–	–	–	–	–	–
S Ganda	–	–	–	9	1	–	–	–	–
I Kotsoane	–	–	–	10	–	–	2	–	–
Z Ntlangula	–	–	–	4	6	–	2	–	–
M Moroka	–	–	–	–	–	–	–	–	–
I Higgins	–	–	–	–	–	–	2	–	–



LAKE HAVEN, KWAZULU-NATAL

SECTION D: ANNUAL FINANCIAL STATEMENTS

REPORT OF THE COUNCIL RESPONSIBILITIES AND APPROVAL

The Council is required by the Social Housing Act, 2008, to maintain adequate accounting records and is responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the audited annual financial statements fairly present in all material respects the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The external auditors are engaged to express an independent opinion on the audited annual financial statements and are given unrestricted access to all financial records and related data.

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable, prudent judgements and estimates.

The Council has fulfilled its responsibilities in accordance with the Public Finance Management Act (PFMA), section 51. The members acknowledge that they are ultimately responsible for the system of internal financial control established by the SHRA and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the SHRA and all employees are required to maintain the highest ethical standards in ensuring the SHRA's business is conducted in a manner that in

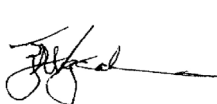
all reasonable circumstances is above reproach. The focus of risk management in the SHRA is on identifying, assessing, managing and monitoring all known forms of risk across the SHRA. While operating risk cannot be fully eliminated, the SHRA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Council has reviewed the SHRA's cash flow forecast for the year to 31 March 2019 and, in light of this review and the current financial position, is satisfied that the SHRA has access to adequate resources to continue in operational existence for the foreseeable future.

The SHRA is wholly dependent on the National Department of Human Settlements for funding of operations. The audited annual financial statements are prepared on the basis that the entity is a going concern and that the National Department of Human Settlements has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The audited annual financial statements set out on pages 76 to 109, which have been prepared on the going concern basis, were approved by the Council on 10 August 2018 and were signed on its behalf by:



Mr ZT Ngcakani
Chairperson



Mr R Gallocher
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder and should meet at least four times per annum as per its approved terms of reference.

	Number of attended ordinary meetings	Number of attended special meetings	Apologies
Mr SK Ganda (Chairperson)	4	3	1
Adv M Mdludlu	4	4	–
Mr MR Moroka	4	3	1
Mr IW Kotsoane	4	3	1
Ms ZZ Ntlangula (Resigned 17 March 2018)	1	1	6
Prof L Weldon (Independent external member appointed 1 September 2017)	2	1	–
Ms F Kobo (Independent external member appointed 1 September 2017)	1	–	2

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 55(1)(a)(ii) of the PFMA and Treasury Regulation 27.1.

The effectiveness of internal control

The system of internal controls applied by the SHRA over financial and risk management is effective, efficient and transparent. In line with the PFMA, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the audited annual financial statements, and the management report of the external auditors, there were no material deficiencies noted in the system of internal controls except as noted in the annual financial statements. Accordingly, we can report that the system of internal control over financial reporting for the year under review was efficient and effective.

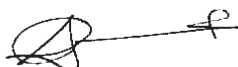
Evaluation of audited annual financial statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the external auditors and the Council;
- reviewed the external auditor's management report and Management's response thereto;
- reviewed the entity's compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the SHRA and its audits.



Mr SK Ganda

Chairperson of the Audit Committee

10 August 2018

INDEPENDENT AUDITOR'S REPORT

to Parliament on the Social Housing Regulatory Authority

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Social Housing Regulatory Authority set out on pages 76 to 109 which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Social Housing Regulatory Authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act of South Africa (PFMA).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.

We are independent of the public entity in accordance with the Independent Regulatory Board for Auditors' *Code of professional conduct of registered auditors* (IRBA code) and other independence requirements applicable to performing audits of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the International Ethics Standards Board for Accountants (IESBA) code and in accordance with other ethical requirements applicable to performing audits in South Africa.

The IRBA code is consistent with the IESBA Code of ethics for professional accountants (parts A and B).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Council for the financial statements

The Council, which constitutes the Accounting Authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice and the requirements of the PFMA, and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Authority is responsible for assessing the Social Housing Regulatory Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Accounting Authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2: Compliance, Accreditation and Regulations	36
Programme 3: Sector Development	40
Programme 4: Project Development and Funding	43

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- ▶ Programme 2: Compliance, Accreditation and Regulations
- ▶ Programme 3: Sector Development
- ▶ Programme 4: Project Development and Funding

Report on the audit of compliance with legislation

Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislations are as follows:

Financial statements, performance and annual reports

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. Material misstatements of other income as well as commitments identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

The Social Housing Regulatory Authority's Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report which includes the Council's report and Audit Committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report

Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact.

Internal control deficiencies

We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.

Financial and performance management

Management did not have adequate processes in place to ensure that all financial reporting matters are addressed timeously to enable complete and accurate financial statements.

Auditor tenure

In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that this is the first year that Nexia SAB&T has been the auditor of the Social Housing Regulatory Authority.



Nexia SAB&T

Per: Philemon Mawire

Director

Registered Auditor

Chartered Accountant (SA)

14 August 2018

Annexure – auditor’s responsibility for the audit

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor’s report, we also:

- ▶ identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council, which constitutes the Accounting Authority;
- ▶ conclude on the appropriateness of the Council, which constitutes the Accounting Authority’s use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained,

whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Social Housing Regulatory Authority’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing as a going concern; and

- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Quality control relating to assurance engagements

In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards.

Communication with those charged with governance

We communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also confirm to the Accounting Authority that we have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, related safeguards.

COUNCIL'S REPORT

The Council submits its report for the year ended 31 March 2018.

1. Review of activities

Main business and operations

The Social Housing Regulatory Authority (SHRA) was established in terms of section 7 of Chapter 3 of the Social Housing Act, 2008 and is also listed as a Schedule 3A public entity in terms of the Public Finance Management Act, No 1 of 1999, as amended (PFMA). The Council as appointed in terms of section 9 of the Social Housing Act, acts as the Accounting Authority in terms of the PFMA.

The entity is the sole regulatory authority in social housing countrywide, and is therefore an autonomous statutory organisation established to ensure the sustainability and growth of the social housing rental sector in line with government's objectives by investing in and regulating the social housing sector as well as providing guidance to the sector.

The operating results and state of affairs of the SHRA are fully set out in the attached audited annual financial statements and do not in our opinion require any further comment.

2. Going concern

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

3. Subsequent events

The Council is aware of the following subsequent events after financial year-end:

- The SHRA has to assist and participate in the development of student accommodation; and
- The entity has concluded a five-year office lease ending August 2023, as a result the entire organisation will be relocating to Sentinel House, Sunnyside Office Park, 32 Princess of Wales Terrace, Parktown on 1 September 2018.

4. Council's interest in contracts

All Council members are required to sign a declaration of interest register at the commencement of each Council and Council sub-committee meeting. None of the Council members have declared any interest in contracts with the entity during the current year.

5. Accounting policies

The audited annual financial statements for the year ended 31 March 2018 were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the PFMA and its regulations, directives and interpretations issued by the Accounting Standards Board. No GRAP statements were applied prior to its commencement dates in the current year.

6. Non-current assets

There were no major changes in the nature of non-current assets of the entity during the year.

There were no changes in the policy relating to the use of non-current assets during the year.

7. Council members

The members of the entity during the year and to the date of this report are as follows:

Name	Nationality	
Executive members		
Mr R Gallocher (Chief Executive Officer)	South African	
Ms A Puoane (Corporate Services Manager)	South African	Appointed 1 September 2017
Mr N Mbengo (Former Acting Corporate Services)	South African	Resigned 31 July 2017
Mr V Fakudze (Former Acting Corporate Services Manager)	South African	Appointed 1 August 2017 Resigned 31 August 2017
Non-executive members		
Mr ZT Ngcakani (Chairperson)	South African	
Mr SK Ganda	South African	
Ms RS Molokoane	South African	Resigned 17 March 2018
Mr PWW Ximiya	South African	
Ms NN Mbiza	South African	Resigned 17 March 2018
Mr MR Moroka	South African	
Adv M Mdludlu	South African	
Ms MJ Lamola	South African	Resigned 17 March 2018
Ms KE Kwinana	South African	
Mr IW Kotsoane	South African	
Ms ZZ Ntlangula	South African	Resigned 17 March 2018
Mr MI Higgins	South African	
Mr MM Chikane	South African	Appointed 18 March 2018
Mr M Mxenge	South African	Appointed 18 March 2018

8. Council members and Executive Managers' remuneration

Council

	Meeting fees R	Travel expenses R	Council fees R	Salary R	Bonus R	Other services R	Total package 2018 R	Total package 2017 R
Non-executive members								
<i>Chairperson:</i>								
Mr ZT Ngcakani	44 000	733	40 000	–	–	86 050	170 783	159 850
<i>Members:</i>								
Ms NN Mbiza	34 000	–	26 000	–	–	131 650	191 650	165 600
Ms MJ Lamola	26 000	–	26 000	–	–	42 600	94 600	92 917
Mr IW Kotsoane	41 000	–	26 000	–	–	111 200	178 200	122 900
Ms KE Kwinana	22 000	–	26 000	–	–	101 700	149 700	157 136
Adv M Mdludlu	38 000	5 756	26 000	–	–	86 900	156 656	121 815
Mr MR Moroka	21 000	3 465	26 000	–	–	53 400	103 865	96 924
Mr MI Higgins	42 500	5 407	26 000	–	–	62 500	136 407	106 590
Mr PWW Ximiya	30 000	1 157	26 000	–	–	78 300	135 457	117 800
Ms RS Molokoane	13 000	7 654	–	–	–	31 400	52 054	74 800
Mr SK Ganda	30 000	4 243	26 000	–	–	106 600	166 843	143 900
Ms ZZ Ntlangula	25 000	–	–	–	–	65 000	90 000	70 800
Mr M Mxenge (Appointed 18 March 2018)	4 000	–	–	–	–	–	4 000	–
Mr MM Chikane (Appointed 18 March 2018)	–	–	–	–	–	–	–	–
Prof L Weldon (Independent external member appointed 1 September 2017)	9 000	–	–	–	–	–	9 000	–
Ms F Kobo (Independent external member appointed 1 September 2017)	3 000	824	–	–	–	–	3 824	–
	382 500	29 239	274 000	–	–	957 300	1 643 039	1 431 032

Other services rendered resulted from SHRA Council participating and attending project visits, minister meetings, interviews and training workshops.

	Meeting fees R	Travel expenses R	Council fees R	Salary R	Bonus R	Other services R	Total package 2018 R	Total package 2017 R
Executive members								
Former Acting Chief Executive Officer:								
Ms S Ngxongo	-	-	-	-	-	-	-	50 000
Chief Executive Officer:								
Mr R Gallocher	-	21 782	-	2 398 158	166 395	-	2 586 335	2 225 476
Former Acting Corporate Services Manager:								
Mr V Fakudze	-	-	-	-	-	-	-	116 337
Former Acting Corporate Services Manager:								
Mr N Mbengo	-	-	-	42 574	45 366	-	87 940	141 914
Corporate Services Manager:								
Ms A Puoane	-	-	-	1 012 453	-	-	1 012 453	-
	-	21 782	-	3 453 185	211 761	-	3 686 728	2 533 727

Ms S Ngxongo is an employee of the National Department of Human Settlements and an Acting allowance of Rnil (2017: R50 000) has been provided for. Ms S Ngxongo's secondment ended with the appointment of Mr R Gallocher as Chief Executive Officer on 1 February 2016. Mr V Fakudze was appointed as Acting Corporate Services Manager on 22 October 2015 up to 26 April 2016. Included in the salary of Mr V Fakudze is an Acting allowance of Rnil (2017: R21 537). Subsequently Mr N Mbengo was appointed as Acting Corporate Services Manager from 26 April 2016 to 31 July 2017. Ms A Puoane was appointed as Corporate Services Manager from 1 September 2017.

8. Council members and Executive Managers' remuneration continued**Executive Managers**

	Meeting fees R	Travel expenses R	Council fees R	Salary R	Bonus R	Other services R	Total package 2018 R	Total package 2017 R
Executive Managers								
Compliance, Accreditation and Regulations Executive:								
Mr K Boqwana	–	–	–	1 434 072	159 582	–	1 593 654	1 436 363
Sector Development and Transformation Executive:								
Mr D Koekemoer	–	–	–	1 214 579	173 851	–	1 388 430	1 224 152
Project Development and Funding Executive:								
Mr L Letsoalo	–	–	–	575 613	–	–	575 613	–
	–	–	–	3 224 264	333 433	–	3 557 697	2 660 515
	382 500	51 021	274 000	6 677 449	545 194	957 300	8 887 464	6 625 274

Mr L Letsoalo was appointed on 1 November 2017.

9. Corporate governance

General

The Council is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Council supports the highest standards of corporate governance and the ongoing development of best practice.

Council members

The Council:

- ▀ retains full control over the SHRA, its plans and strategy;
- ▀ acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the SHRA;
- ▀ is of a unitary structure comprising:
 - non-executive members, all of whom are independent directors as defined in the Code; and
 - executive members; and
- ▀ has established a Council continuity programme.

Chairperson and Chief Executive

The Chairperson of the Council is a non-executive and independent member.

The roles and responsibilities of the Chairperson of the Council and Chief Executive Officer are separate.

Remuneration

The upper limits of the remuneration of the Chief Executive Officer and the Corporate Services Manager, who are the only two executive members of the SHRA, are determined by the Council. The non-executive Council members are remunerated as determined by the Minister in line with National Treasury tariffs.

Executive Committee meetings

The Executive Committee is scheduled to meet weekly during the financial year.

Non-executive Council members have access to all members of management of the entity.

Audit and Risk Committee

The committee met four times during the financial year to review matters necessary to fulfil its role.

Procurement framework

The SHRA complies with the PFMA and Treasury Regulation 16A.

The entity operates within the Preferential Procurement Regulations of the Preferential Procurement Policy Framework Act, 5 of 2000, as amended. It follows the 80/20 principle of all procurement exceeding R30 000 and falling below R50 000 000 and 90/10 principle for all procurement exceeding R50 000 000.

10. Council

Ordinary Council meetings

	Total number of ordinary meetings	Number of attended ordinary meetings	Apologies	Number of attended workshops
Mr ZT Ngcakani (Chairperson)	5	4	1	4
Mr MI Higgins	5	5	–	6
Mr IW Kotsoane	5	5	–	8
Ms RS Molokoane	5	2	3	–
Ms ZZ Ntlangula	5	3	2	6
Ms MJ Lamola	5	5	–	2
Adv M Mdludlu	5	4	1	5
Ms KE Kwinana	5	2	3	5
Ms NN Mbiza	5	4	1	5
Mr SK Ganda	5	3	2	5
Mr PWW Ximiya	5	4	1	4
Mr MR Moroka	5	4	1	1
Mr M Mxenge (Appointed 18 March 2018)	5	–	–	–
Mr MM Chikane (Appointed 18 March 2018)	5	–	–	–

Special Council meetings

	Total number of special meetings	Number of attended special meetings	Apologies	Number of attended workshops
Mr ZT Ngcakani (Chairperson)	6	5	1	–
Mr MI Higgins	6	6	–	–
Mr IW Kotsoane	6	6	–	–
Ms RS Molokoane	6	2	4	–
Ms ZZ Ntlangula	6	4	2	–
Ms MJ Lamola	6	2	4	–
Adv M Mdludlu	6	6	–	–
Ms KE Kwinana	6	4	2	–
Ms NN Mbiza	6	5	1	–
Mr SK Ganda	6	5	1	–
Mr PWW Ximiya	6	4	2	–
Mr MR Moroka	6	2	4	–
Mr M Mxenge (Appointed 18 March 2018)	6	1	–	–
Mr MM Chikane (Appointed 18 March 2018)	6	–	–	–

11. Human Resources (HR) Committee

Ordinary HR meetings

	Number of ordinary meetings	Number of attended ordinary meetings	Apologies	Number of attended workshops
Ms NN Mbiza (Chairperson)	5	4	1	–
Ms KE Kwinana	5	4	1	–
Ms MJ Lamola	5	4	1	–
Ms RS Molokoane	5	2	3	–
Mr ZT Ngcakani	5	3	2	–
Mr PWW Ximiya	5	4	1	–
Adv M Mdludlu	5	4	1	–

Special HR meetings

	Number of special meetings	Number of attended special meetings	Apologies	Number of attended workshops
Ms NN Mbiza (Chairperson)	1	1	–	–
Ms KE Kwinana	1	1	–	–
Ms MJ Lamola	1	1	–	–
Ms RS Molokoane	1	–	1	–
Mr ZT Ngcakani	1	1	–	–
Mr PWW Ximiya	1	1	–	–
Adv M Mdludlu	1	1	–	–

12. Regulations Committee

Ordinary Regulations Committee meetings

	Number of ordinary meetings	Number of attended ordinary meetings	Apologies	Number of attended workshops
Mr PWW Ximiya (Chairperson)	4	4	–	–
Mr MR Moroka	4	4	–	–
Ms RS Molokoane	4	2	2	–
Ms MJ Lamola	4	4	–	–
Mr MI Higgins	4	4	–	–

Special Regulations Committee meetings

	Number of special meetings	Number of attended special meetings	Apologies	Number of attended workshops
Mr PWW Ximiya (Chairperson)	1	1	–	–
Mr MR Moroka	1	1	–	–
Ms RS Molokoane	1	1	–	–
Ms MJ Lamola	1	–	1	–
Mr MI Higgins	1	1	–	–

13. Investment Committee

Ordinary Investment Committee meetings

	Number of ordinary meetings	Number of attended ordinary meetings	Apologies	Number of attended workshops
Ms KE Kwinana (Chairperson)	5	4	1	–
Mr SK Ganda	5	4	1	–
Ms NN Mbiza	5	5	–	–
Ms ZZ Ntlangula	5	2	3	–
Mr IW Kotsoane	5	5	–	–

Special Investment Committee meetings

	Number of special meetings	Number of attended special meetings	Apologies	Number of attended workshops
Ms KE Kwinana (Chairperson)	5	5	–	–
Mr SK Ganda	5	5	–	–
Ms NN Mbiza	5	5	–	–
Ms ZZ Ntlangula	5	2	3	–
Mr IW Kotsoane	5	5	–	–

14. Transformation, Social and Ethics Committee

Ordinary Transformation, Social and Ethics Committee meetings

	Number of ordinary meetings	Number of attended ordinary meetings	Apologies	Number of attended workshops
Ms ZZ Ntlangula (Chairperson)	1	1	–	–
Mr MI Higgins	1	1	–	–
Mr IW Kotsoane	1	1	–	–
Ms KE Kwinana	1	1	–	–
Adv M Mdludlu	1	1	–	–

15. Auditors

Nexia SAB&T has been appointed as the external auditors for the 2018 financial year.

16. Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure in the current financial year.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Notes	31 March 2018 R	31 March 2017 R
Assets			
Current assets			
Receivables	3	856 639	635 005
Cash and cash equivalents	4	1 087 854 006	835 627 276
		1 088 710 645	836 262 281
Non-current assets			
Property, plant and equipment	5	1 817 754	1 618 655
Intangible assets	6	249 522	221 779
		2 067 276	1 840 434
Total assets		1 090 777 921	838 102 715
Liabilities			
Current liabilities			
Operating lease liability	7	106 958	426 886
Payables	9	13 251 377	56 661 180
Recalled Grant Funds	8	70 169 468	76 515 304
Provisions	10	2 913 465	813 291
		86 441 268	134 416 661
Total liabilities		86 441 268	134 416 661
Net assets		1 004 336 653	703 686 054
Accumulated surplus		1 004 336 653	703 686 054

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2018

	Notes	31 March 2018 R	31 March 2017 R
Revenue	11	926 963 000	494 863 000
Other income		–	10 982
Operating expenses		(52 395 142)	(42 790 441)
Programme costs	12	(617 473 701)	(334 062 791)
Operating surplus	13	257 094 157	118 020 750
Interest income	14	43 556 442	41 345 794
Surplus for the year		300 650 599	159 366 544

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2018

	Accumulated surplus R	Total net assets R
Balance at 1 April 2016	544 319 510	544 319 510
Changes in net assets		
Surplus for the year	159 366 544	159 366 544
Total changes	159 366 544	159 366 544
Balance at 1 April 2017	703 686 054	703 686 054
Changes in net assets		
Surplus for the year	300 650 599	300 650 599
Total changes	300 650 599	300 650 599
Balance at 31 March 2018	1 004 336 653	1 004 336 653

CASH FLOW STATEMENT

for the year ended 31 March 2018

	Notes	31 March 2018 R	31 March 2017 R
Cash flows from operating activities			
Receipts			
Government grants		926 963 000	494 863 000
Interest income	14	43 556 442	41 345 794
		970 519 442	536 208 794
Payments			
Employee costs		(28 400 002)	(21 589 085)
Recalled Grant Funds (SHIP Projects)		(6 345 837)	(104 848 042)
Programme costs		(662 667 551)	(340 288 240)
Other payments	15	(20 076 566)	(22 781 119)
		(717 489 956)	(489 506 486)
Net cash flows from operating activities	16	253 029 486	46 702 308
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(596 213)	(529 263)
Proceeds from sale of property, plant and equipment	5	–	2 240
Purchase of other intangible assets	6	(206 543)	(260 353)
Net cash flows from investing activities		(802 756)	(787 376)
Net increase in cash and cash equivalents		252 226 730	45 914 932
Cash and cash equivalents at the beginning of the year		835 627 276	789 712 344
Cash and cash equivalents at the end of the year	4	1 087 854 006	835 627 276

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2018

	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Government grants	926 963 000	–	926 963 000	926 963 000	
Interest received		–	–	43 556 442	(43 556 442)
Other income	–	–	–	–	–
Total revenue	926 963 000	–	926 963 000	970 519 442	(43 556 442)
Expenditure	–	–	–	–	–
Compensation of employees	27 085 863	–	27 085 863	26 134 346	951 517
Council remuneration	1 200 000	–	1 200 000	1 643 039	(443 039)
Depreciation and amortisation	4 160 000	–	4 160 000	575 915	3 584 085
Operating expenses	27 169 137	–	27 169 137	24 041 842	3 127 295
Consolidated Capital Grants	851 658 000	–	851 658 000	598 727 898	252 930 102
Institutional Investment Grants	15 690 000	–	15 690 000	18 745 803	(3 055 803)
Total expenditure	926 963 000	–	926 963 000	669 868 843	257 094 157
Net surplus	–	–	–	300 650 599	(300 650 599)
Significant operating expenses					
Advertising	4 940 000	–	4 940 000	2 502 784	2 437 216
Audit costs (external and internal)	1 500 000	–	1 500 000	1 516 788	(16 788)
Consulting, professional and outsourcing fees	5 125 000	–	5 125 000	9 042 955	(3 917 955)
Lease payments	2 500 000	–	2 500 000	2 234 582	265 418
Legal fees	3 500 000	–	3 500 000	1 977 009	1 522 991
Research and development	3 500 000	–	3 500 000	472 903	3 027 097
Travel and subsistence	1 952 137	–	1 952 137	2 621 080	(668 943)

ACCOUNTING POLICIES

1. Presentation of audited annual financial statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including interpretations, guidelines and directives issued by the Accounting Standards Board.

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. The financial statements have been rounded to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied, is disclosed below. These accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, Management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

Impairment testing for property, plant and equipment and intangible assets

The recoverable service amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions when determining the relevant fair value where no other information is available.

The SHRA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates of expected future cash flows for each of the assets are prepared.

Provisions

Provisions were raised and management determined the best estimate of the amount required to settle the present obligation. Additional disclosure of these estimates of provisions are included in note 10 – Provisions.

Useful lives and residual values of property and equipment and intangible assets

The SHRA's management determines the estimated useful lives and residual values of property and equipment and intangible assets. These assessments are made on an annual basis and use historical evidence and current economic factors to estimate the values.

Administrative IT equipment, office furniture and equipment, exhibits and motor vehicles are not componentised. These assets do not have significant parts that are considered to have an estimated useful life different to the estimated useful life of the asset as a whole.

1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

Any subsequent expenditure on property, plant and equipment is capitalised when the costs can be

estimated reliably and the expenditure increases the economic benefits or service potential of the asset – all other expenditure is expensed.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Items of property, plant and equipment are depreciated from the date it is available for use, on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	6 – 15 years
Motor vehicles	Straight-line	3 – 6 years
Office equipment	Straight-line	3 – 6 years
IT equipment	Straight-line	3 – 6 years
Leasehold improvements	Straight-line	Lower of useful life and term of lease

The residual value, and the useful life and depreciation method are reviewed when there is an indication that the entity's expectations thereof have changed since the previous reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Indicators of reassessment used by management include assets that are approaching the end of their useful life, planned replacement or refurbishment of assets, technology changes or change in use of an asset.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no or nominal cost, the cost shall be deemed to be its fair value as at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

For intangible assets amortisation is provided on a straight-line basis over their expected useful lives. The estimated residual value, the expected useful life and amortisation method for intangible assets are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of the intangible asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Amortisation commences on the date the asset is brought into use.

The amortisation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Amortisation is provided to write down the intangible assets, on a straight-line basis over their expected useful lives, to their estimated residual values as follows:

Item	Useful life
Computer software	2 years

Annual licence renewals and incidental costs are not capitalised as part of the cost of intangible assets and are recognised immediately in surplus or deficit when the cost is incurred.

1.5 Financial instruments

Classification

The SHRA classifies financial assets and financial liabilities into the following categories:

- ▶ Financial assets measured at amortised cost; and
- ▶ Financial liabilities measured at amortised cost.

Initial recognition and measurement

Financial instruments are recognised initially when the SHRA becomes a party to the contractual provisions of the instruments.

The SHRA classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

ACCOUNTING POLICIES continued

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial assets and liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

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

For amounts due to the SHRA, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

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

Reversals of impairment losses are recognised in surplus or deficit.

Receivables from exchange transactions

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash. These are initially measured at fair value and subsequently recorded at amortised cost.

1.6 Taxation

No provision has been made for taxation. The entity is exempt from taxation in terms of section 10(1)(cA) of the Income Tax Act.

1.7 Leases

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

Operating leases – lessee

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

1.8 Impairment of non-cash generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash generating assets are assets other than cash-generating assets.

As the entity is not profit orientated and it holds its assets to facilitate the pursuance of its mandate, its assets are non-cash generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation). Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and of its value in use.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The SHRA assesses at each reporting date whether there is any indication that a cash-generating asset

may be impaired. If any such indication exists, the SHRA estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the SHRA also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

Future service potential is determined using depreciated replacement costs and/or restoration costs methods.

Recognition and measurement

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of impairment loss

The SHRA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.9 Employee benefits

Employee benefits are all forms of consideration given by the SHRA in exchange for service rendered by its employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance-related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the SHRA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The SHRA measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance-related payments when the SHRA has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the SHRA pays fixed contributions into a separate retirement fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the SHRA during a reporting period, the SHRA recognises the contribution payable to a defined contribution plan in exchange for that service:

- ▀ as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the SHRA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- ▀ as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted.

The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

If the SHRA identifies a contract as onerous, the loss is recognised immediately in surplus or loss and the counter present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised, but disclosed in the notes to the financial statements.

1.11 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the SHRA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction

recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the SHRA.

When, as a result of a non-exchange transaction, the SHRA recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.12 Fruitless and wasteful expenditure

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

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

1.13 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that

is not in accordance with a requirement of any applicable legislation, including:

- (a) this Act; or
- (b) the Treasury Regulations;
- (c) a National Treasury Instruction, issued in terms of section 76 of the PFMA;
- (d) a Provincial Treasury Instruction issued in terms of section 18(2)(a) of the PFMA; or
- (e) any other applicable legislation.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular expenditure must be removed from the balance of the irregular expenditure notes when it is either:

- (a) condoned by the relevant authority if no official was found to be liable in law;
- (b) recovered from an official liable in law;
- (c) written off if it is irrecoverable from an official liable in law; or
- (d) written off if it is not condoned and not recoverable.

Irregular expenditure that was incurred and identified during the current financial period and which was condoned before year-end and/or before finalisation of the financial statements is recorded appropriately in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/ expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.14 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are

the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.15 Budget information

The SHRA is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the SHRA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal year from 2017/04/01 to 2018/03/31.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

Comparative information is not required.

1.16 Related parties

The SHRA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Only transactions with government-related parties not at arm's length or not in the ordinary course of business are disclosed.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The SHRA has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2018 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
GRAP 34: Separate financial statements	1 April 2018	Unlikely there will be a material impact
Guideline: accounting for arrangements undertaken in terms of the national housing programme	Still to be determined	Not expected to impact results but may result in additional disclosure
GRAP 110: Living and non-living resources	Still to be determined	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and non-living resources	Still to be determined	Unlikely there will be a material impact
GRAP 18 (as amended 2016): Segment reporting	1 April 2019	Not expected to impact results but may result in additional disclosure
GRAP 20: Related parties	1 April 2019	Not expected to impact results but may result in additional disclosure
GRAP 32: Service concession arrangements: Grantor	1 April 2019	Unlikely there will be a material impact
IGRAP 19: Liabilities to pay levies	1 April 2019	Unlikely there will be a material impact
GRAP 17 (as amended 2016): Property, plant and equipment	1 April 2018	Not expected to impact results but may result in additional disclosure
GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	1 April 2018	Not expected to impact results but may result in additional disclosure
GRAP 26 (as amended 2016): Impairment of cash-generating assets	1 April 2018	Not expected to impact results but may result in additional disclosure
GRAP 31 (as amended 2016): Intangible assets	1 April 2018	Not expected to impact results but may result in additional disclosure
Directive 12: The selection of an appropriate reporting framework by public entities	1 April 2018	Unlikely there will be a material impact as the entity is already applying GRAP

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

3. Receivables

	2018 R	2017 R
Staff debtors (non-exchange transaction)	90 273	–
Deposits (exchange transaction)	635 005	635 005
PAYE (non-exchange transactions)	131 361	–
	856 639	635 005

Trade and other receivables pledged as security

No receivables were pledged as security.

Deposits

Deposits relate to rental deposit on the premises occupied by the entity and Telkom deposit.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2018, no balances were past due but not impaired.

Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of Rnil (2017: Rnil) were impaired and provided for.

4. Cash and cash equivalents

	2018 R	2017 R
Cash and cash equivalents consist of:		
Cash on hand	1 750	2 613
Current accounts	491 213 195	45 685 064
Call accounts	596 620 940	789 821 380
Debit cards	18 121	118 219
	1 087 854 006	835 627 276

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

The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2018 R	2017 R
Credit rating		
BAA2	–	835 624 663
BAA3	1 087 854 006	–
	1 087 854 006	835 624 663

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

5. Property, plant and equipment

	2018			2017		
	Cost R	Accumulated depreciation and accumulated impairment R	Carrying value R	Cost R	Accumulated depreciation and accumulated impairment R	Carrying value R
Furniture and fixtures	1 605 285	(925 778)	679 507	1 394 200	(802 524)	591 676
Motor vehicles	357 719	(250 403)	107 316	357 719	(208 830)	148 889
Office equipment	641 233	(562 842)	78 391	641 233	(542 328)	98 905
IT equipment	2 831 641	(1 879 101)	952 540	2 446 513	(1 667 328)	779 185
Leasehold improvements	1 909 562	(1 909 562)	–	1 909 562	(1 909 562)	–
Total	7 345 440	(5 527 686)	1 817 754	6 749 227	(5 130 572)	1 618 655

Reconciliation of property, plant and equipment – 2018

	Opening balance R	Additions R	Depre- ciation R	Total R
Furniture and fixtures	591 676	211 085	(123 254)	679 507
Motor vehicles	148 889	–	(41 573)	107 316
Office equipment	98 905	–	(20 514)	78 391
IT equipment	779 185	385 128	(211 773)	952 540
	1 618 655	596 213	(397 114)	1 817 754

Reconciliation of property, plant and equipment – 2017

	Opening balance R	Additions R	Disposals R	Change in estimate R	Depreciation R	Total R
Furniture and fixtures	351 782	3 524	–	332 440	(96 070)	591 676
Motor vehicles	131 164	–	–	67 807	(50 082)	148 889
Office equipment	122 522	–	–	46 167	(69 784)	98 905
IT equipment	54 311	525 739	(13 367)	509 788	(297 286)	779 185
	659 779	529 263	(13 367)	956 202	(513 222)	1 618 655

5. Property, plant and equipment continued

Other information

Property, plant and equipment fully depreciated and still in use (gross carrying amount)

	2018 R	2017 R
Leasehold Improvements (depreciated over lease period ended 31 March 2016)	1 909 562	1 909 562

During prior year the useful lives and residual values were re-estimated, which decreased the depreciation for the year by R956 202 and the impact on the future depreciation will be R956 202.

6. Intangible assets

	2018			2017		
	Cost R	Accumulated depreciation and accumulated impairment R	Carrying value R	Cost R	Accumulated depreciation and accumulated impairment R	Carrying value R
Computer software – Other	1 321 511	(1 071 989)	249 522	1 114 968	(893 189)	221 779

Reconciliation of intangible assets – 2018

	Opening balance R	Additions R	Amor-tisation R	Total R
Computer software – Other	221 779	206 543	(178 800)	249 522

Reconciliation of intangible assets – 2017

	Opening balance R	Additions R	Amor-tisation R	Total R
Computer software – Other	5 670	260 353	(44 244)	221 779

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

7. Operating lease liability

	2018 R	2017 R
Current liabilities – Premises	(106 958)	(426 886)

The operating lease liability relates to the rental of premises of the entity which has been negotiated for a period of five years. In the current year a new offer to lease has been approved with effect from 1 September 2018. In the current year the straight-lining has been adjusted to take the change in the previous lease's period into account.

8. Recalled Grant Funds

Province/Institution	Project	Programme*	2018 R	2017 R
Eastern Cape Province				
Imizi Housing Utility	Fairview Link	SHIP	–	–
Social Housing Company (SOHCO)	Emerald Sky Phase 4	SHIP	28 921	28 921
			28 921	28 921
Free State Province				
Free State Social Housing Company	Brandwag	SHIP	9 339 322	9 339 322
Gauteng Province				
Yeast City Housing	Thembelihle	SHIP	2 544 164	5 641 880
Yeast City Housing	Salvokop	SHIP	295 487	295 487
			2 839 651	5 937 367
KwaZulu-Natal Province				
Msunduzi Housing Association	Westgate Grange	SHIP	1 053 097	3 722 766
First Metro Housing Company	Lakehaven Phase 2	SHIP	2 709 902	2 709 902
First Metro Housing Company	Avoca Hills	SHIP	2 832 823	2 832 823
First Metro Housing Company	Hampshire	SHIP	1 014 190	1 017 033
First Metro Housing Company	Hamptons	SHIP	2 422 811	2 422 811
First Metro Housing Company	Hilltops	SHIP	245 165	245 165
			10 277 988	12 950 500
Western Cape Province				
Social Housing Company (SOHCO)	Steenberg	SHIP		
Amalinda)			177 657	177 657
Madulammoho Housing Association	Scottsdene	SHIP	–	–
Western Cape Province	Institutional	Institutional		
	Investment	Investment	245 351	820 959
Johannesburg Social Housing Company	City Deep Phase 1	SHIP	37 491 535	37 491 535
Johannesburg Social Housing Company	City Deep Phase 2	SHIP	1 955 248	1 955 248
Johannesburg Social Housing Company	Fleurhof	SHIP	1 244 336	1 244 336
Domus Social Housing	E-Junction Phase 1	SHIP	6 569 459	6 569 459
			47 683 586	48 259 194
			70 169 468	76 515 304

*SHIP – Social Housing Investment Programme

8. Recalled Grant Funds continued

Recalled Grant Funds (SHIP Projects) relate to amounts that were disbursed in prior years to qualifying grant recipients using a Social Housing Institution (SHI) Imprest account in the control and name of the SHI. In an effort to mitigate the risks associated with lack of control, the SHRA has abandoned the use of the SHI Imprest account to a new system where payments to grant recipients are aligned to actual project expenditure. The possibility of abusing the SHI Imprest account and incurring unnecessary irregular expenditure has been eliminated. Unutilised funds that had been granted using the Imprest account system were requested to be returned to the SHRA to be disbursed later according to actual project expenditure.

9. Payables

	2018 R	2017 R
Trade payables (exchange transactions)	969 939	627 739
Accrued expenses (exchange transactions)	12 148 929	55 270 348
Travel card (exchange transactions)	132 509	271 836
PAYE (non-exchange transaction)	–	491 257
	13 251 377	56 661 180

Payables are settled on invoice or 30-day terms.

Accrued expenses comprise running costs and programme costs that had been incurred at year-end but not yet paid.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

10. Provisions

Reconciliation of provisions – 2018

	Opening balance R	Additions R	Utilised during the year R	Total R
Provision for leave	813 291	1 346 254	(813 291)	1 346 254
Provision for bonuses	–	1 567 211	–	1 567 211
	813 291	2 913 465	(813 291)	2 913 465

Reconciliation of provisions – 2017

	Opening balance R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Provision for leave	954 622	813 291	(222 305)	(732 317)	813 291

The leave provision is estimated to be utilised within the next 12 months. However, the timing of the utilisation of the provision is uncertain as it depends on the employees utilising their benefits during their term of employment. The provision is determined using the leave days outstanding and the total cost to company.

11. Revenue from non-exchange transactions

	2018 R	2017 R
Consolidated Capital Grant	851 658 000	424 388 000
Operational Grant	46 815 000	36 392 000
Institutional Investment Grant	20 490 000	28 083 000
Regulations	8 000 000	6 000 000
	926 963 000	494 863 000

12. Programme costs

Consolidated Capital Grants

Province/Institution	Project	Programme	2018 R	2017 R
Eastern Cape Province				
Hlalanathi Social Housing Association	Ocean View	SHIP	27 669 809	20 590 639
Imizi Housing Utility NPC	Fairview Link	SHIP	37 620 545	1 819 642
Imizi Housing Utility NPC	Willowdene	SHIP	4 584 948	2 951 953
Qhama Social Housing Institute NPC	Steve Biko Munford	SHIP	33 967 995	9 925 510
Own Haven Housing Association	Walmer Cosmos	SHIP	29 672 093	–
			133 515 390	35 287 744
Free State Province				
Free State Social Housing Company NPC	Hillside View	SHIP	44 685 276	–
Free State Social Housing Company NPC	Brandwag Phase 3	SHIP	–	16 721 099
			44 685 276	16 721 099
Gauteng Province				
Arrow Creek Investments 25	Mogale Junction	SHIP	17 368 287	–
Johannesburg Social Housing Company	Fleurhof	SHIP	–	10 228 960
Yeast City Housing	Thembelihle	SHIP	16 535 009	–
Toproot Property Management	Pennyville	SHIP	7 142 242	4 972 730
Toproot Property Management	Riverlea	SHIP	–	2 738 316
Norvena Property Consortium	O'Reilly Road	SHIP	–	9 571 863
Housing Co Tshwane	Townlands	SHIP	23 777 000	–
Instratin Properties	Devland Ext 36	SHIP	56 984 639	28 086 683
Ekurhuleni Development Company	Germiston Firestation	SHIP	8 179 352	8 411 649
Golden West Social Housing Institution	Westonaria Borwa	SHIP	10 727 068	7 307 223
Instratin Properties	Carnival City	SHIP	39 607 025	–
Johannesburg Social Housing Company	Plein Street	SHIP	–	12 046 389
Johannesburg Social Housing Company	Devland-Golden Highway	SHIP	–	26 331 941
Johannesburg Social Housing Company	Fleurhof Phase 2	SHIP	–	32 032 476
Johannesburg Social Housing Company	Dobsonville	SHIP	50 446 984	–
Urban Scape	301 Marshall	SHIP	1 302 000	–
The Housing Hub Proprietary Limited	Akasia	SHIP	53 085 407	23 766 234
Salamax 434 NPC	Helderwyk Ext 8	SHIP	–	11 197 200
TBGI Holdings	Soweto City	SHIP	26 724 812	–
			311 879 825	176 691 664

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

12. Programme costs continued

Consolidated Capital Grants continued

Province/Institution	Project	Programme	2018 R	2017 R
Mpumalanga Province				
Emalahleni Housing Institution	Klarinet Land Use Ext 6	SHIP	–	2 675 109
North West Province				
Gobonewe Housing Estate	Frischgewaagd Farm	SHIP	–	8 500 806
Instratin Properties	Flamwood	SHIP	13 345 399	65 789 796
Manapendlo	Eliaton	SHIP	3 562 980	–
			16 908 379	74 290 602
KwaZulu-Natal Province				
Msunduzi Housing Association	Westgate Grange	SHIP	36 512 555	–
First Metro Housing Company	Lakehaven Phase 2	SHIP	2 192 289	1 004 920
First Metro Housing Company	Avoca Hills	SHIP	11 676 436	–
First Metro Housing Company	Hampshire	SHIP	4 522 140	–
First Metro Housing Company	Hamptons	SHIP	5 125 000	–
First Metro Housing Company	Hilltops	SHIP	1 773 000	–
			61 801 420	1 004 920
Western Cape Province				
Madulammoho Housing Association	Belhar	SHIP	8 193 095	7 461 656
Madulammoho Housing Association	Scottsdene	SHIP	–	7 004 150
DCI	Goodwood	SHIP	14 541 701	–
DCI	Heideveld	SHIP	2 815 012	–
Povicom	Regent Villa	SHIP	2 942 800	–
			28 492 608	14 465 806
Domus liquidation			1 445 000	–
Total Consolidated Capital Grants			598 727 898	321 136 944
Institutional Investment Grants				
General Capacitation Grant			11 730 396	5 804 080
Project Feasibility Grant			1 506 085	4 204 786
Pre-Accreditation Grant			4 701 122	341 698
Remedial Grant			750 000	1 874 871
Staff Gear-Up Grant			58 200	700 412
Total Institutional Investment Grants			18 745 803	12 925 847
Total Grants			617 473 701	334 062 791

12. Programme costs continued

Consolidated Capital Grants

These programme costs relate to capital grants disbursed to SHIs in accordance with the relevant investment criteria.

Institutional Investment Grants

These programme costs relate to the following:

- ▀ Gearing up staff in accredited and conditionally accredited institutions;
- ▀ Providing financial support for the preparation of project proposals and obtaining approval;
- ▀ Providing financial support for the preparation and submission of proposals for accreditation and increasing accreditation status; and
- ▀ Ad-hoc grants linked to institutional business planning and other programme-related support grants.

13. Operating surplus

Operating surplus for the year is stated after accounting for the following:

	2018 R	2017 R
Operating lease charges		
Premises		
– Straight-lined amount	2 042 723	2 596 715
Equipment		
– Contractual amounts	191 859	112 402
	2 234 582	2 709 117
Loss on sale of property, plant and equipment	–	11 127
Amortisation of intangible asset	178 800	44 244
External audit fee	1 454 880	818 163
Consulting and professional fees	5 637 795	7 866 331
Council members' remuneration	1 643 039	3 964 759
Internal audit fees	50 179	182 710
Depreciation on property, plant and equipment	397 114	513 222
Change in estimate	–	(956 202)
Employee costs	24 895 743	17 202 444
Defined contribution funds	1 238 603	952 455
Research and development	472 903	–
Programme costs	617 473 701	334 062 791
Repairs and maintenance	63 710	5 026

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

14. Interest income

	2018 R	2017 R
Interest revenue		
Operational Grant	14 042 545	3 551 654
Call account – CCG	24 392 330	29 387 108
Recalled Grant Funds Imprest accounts	5 121 567	8 407 032
	43 556 442	41 345 794

15. Other payments

	2018 R	2017 R
Movement in payables and accruals	(2 809 696)	1 247 323
Movement in provisions	(532 963)	141 331
Movement in receivables from exchange transactions	–	(207 627)
Total expenses	52 395 142	42 790 441
Non-cash items		
Depreciation, amortisation and impairments	(575 915)	(557 466)
Change in estimate	–	956 202
Separately Disclosable Items		
Employee costs	(28 400 002)	(21 589 085)
	20 076 566	22 781 119

16. Net cash flows from operating activities

	2018 R	2017 R
Surplus	300 650 599	159 366 544
Adjustments for:		
Depreciation and amortisation	575 915	557 466
Loss on sale of assets	–	11 127
Change in estimate	–	(956 202)
Movements in operating lease assets and accruals	(319 928)	426 886
Movements in provisions	2 100 174	(141 331)
Changes in working capital		
Receivables	(221 634)	207 627
Payables	(43 409 804)	(49 429 904)
Recalled Grant Funds	(6 345 836)	(63 339 905)
	253 029 486	46 702 308

17. Commitments

Authorised capital expenditure

	2018 R	2017 R
Already contracted for but not provided for		
Consolidated Capital Grant	2 708 182 227	1 405 894 557
Less: Accrued amounts	(10 727 067)	(53 927 420)
	2 697 455 160	1 351 967 137
Total capital commitments		
Already contracted for but not provided for	2 697 455 160	1 351 967 137
Authorised operational expenditure		
Already contracted for but not provided for		
CGF Research Institute	750 965	–
Cleaning Africa Services	129 856	–
Outsourced Risk and Compliance Assessment	60 000	–
Deloitte and Touche	64 090	–
SkyNet South Africa	209 575	–
Konica Minolta	350 000	–
Bantsho Management and Marketing Strategies	1 605 132	–
Alcari 126 CC	615 942	–
Galix Networking Proprietary Limited	473 475	–
nVisionIT Proprietary Limited	8 138 867	–
Mlangenibila Proprietary Limited	29 376	–
Salamax 1842 Proprietary Limited t/a Motif Capital Partners	444 312	–
The Growth Circle	793 152	–
Learning Strategies	124 992	–
SAB&T Chartered Accountants	117 504	–
Lekwa Consulting Engineers	4 744 800	–
VMQ Property Services	117 885	–
Tornado Financial Services Proprietary Limited	103 744	–
Learning Strategies Proprietary Limited	223 108	–
Aurecon South Africa Proprietary Limited	166 476	–
Rebel Group Advisory Southern Africa Proprietary Limited	156 476	–
Tahiri Trading Proprietary Limited	1 052 800	–
	20 472 527	–
Total operational commitments		
Already contracted for but not provided for	20 472 527	–

The committed expenditure relates to the contractual arrangement on items that meet project milestones in the investment programme related to social housing projects and will be funded by existing cash resources, retained surpluses and future Medium Term Expenditure Framework budget allocations.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

17. Commitments continued

Operating leases – as lessee (expense)

	2018 R	2017 R
Minimum lease payments due		
– within one year	2 986 623	2 362 651
– in second to fifth year inclusive	14 819 831	8 442 056
– later than five years	1 796 076	–
	19 602 530	10 804 707

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five years and have an escalation of 9% per year (2017: 9%). No contingent rent is payable. During the current year the entity entered into a new lease agreement with effect from 1 September 2018. The new lease agreement is subject to 9% escalation over a period of five years.

18. Related parties

	2018 R	2017 R
Relationships		
Controlled entities		
National Department of Human Settlements		
Related party transactions		
Revenue received from related parties		
National Department of Human Settlements	926 963 000	494 863 000

18. Related parties continued

Remuneration of Management

	Salary R	Travel expenses R	Total R
Executive Management remuneration 2018			
Chief Executive Officer: Mr R Gallocher	2 564 553	21 782	2 586 335
Acting Corporate Services Manager: Mr N Mbengo	87 940	–	87 940
Acting Corporate Services Manager: Ms A Puoane	1 012 453	–	1 012 453
	3 664 946	21 782	3 686 728

2017

Former Acting Chief Executive Officer:			
Ms S Ngxongo	50 000	–	50 000
Chief Executive Officer: Mr R Gallocher	2 208 370	17 106	2 225 476
Former Acting Corporate Services Manager:			
Mr V Fakudze	115 071	1 266	116 337
Acting Corporate Services Manager: Mr N Mbengo	141 914	–	141 914
	2 515 355	18 372	2 533 727

	Salary R	Bonus R	Total R
Executive Managers 2018			
Compliance, Accreditation and Regulations Executive: Mr K Boqwana	1 434 072	159 582	1 593 654
Sector Development and Transformation Executive: Mr D Koekemoer	1 214 579	173 851	1 388 430
Project Development and Funding Executive: L Letsoalo	575 613	–	575 613
	3 224 264	333 433	3 557 697

	Salary R	Travel expenses R	Bonus R	Total R
2017				
Compliance, Accreditation and Regulations Executive: Mr K Boqwana	1 398 596	3 767	34 000	1 436 363
Sector Development and Transformation Executive: Mr D Koekemoer	1 180 504	9 648	34 000	1 224 152
	2 579 100	13 415	68 000	2 660 515

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

19. Other financial assets

	2018 R	2017 R
Financial assets		
2018		
Receivables from exchange transactions	635 005	635 005
Cash and cash equivalents	1 087 854 006	1 087 854 006
	1 088 489 011	1 088 489 011
2017		
Receivables from exchange transactions	635 005	635 005
Cash and cash equivalents	835 627 276	835 627 276
	836 262 281	836 262 281

20. Financial liabilities per category

	Financial liabilities at amortised cost R	Total R
Financial liabilities		
2018		
Payables	12 148 929	12 148 929
	12 148 929	12 148 929
2017		
Payables	55 169 923	55 169 923
	55 169 923	55 169 923

21. Risk management

Financial risk management

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

The entity's exposure to risk, its objectives, policies and processes for managing the risk arising from its financial instruments and methods used to measure the entity's exposure to these risks, have not changed significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation. The entity manages liquidity risk through an ongoing review of future commitments and cash flows.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 and 3 months R	Between 4 and 6 months R	Between 7 and 9 months R	Between 10 and 12 months R
At 31 March 2018				
Trade and other payables	13 248 499	–	–	–
At 31 March 2017				
Trade and other payables	55 703 653	–	–	–

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. There are minimal risks relating to receivables from exchange transactions as it mainly consists of prepayments and deposits. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

No credit limits were exceeded during the reporting period, and Management does not expect any surplus (deficit) from non-performance by these counterparties.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

21. Risk management continued

Market risk

Interest rate risk

Interest rate risk results from the cash flows and financial performance uncertainty arising from interest rate fluctuations. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits.

This is a risk that fair value or future cash flows from financial instruments will fluctuate as a result of changes in the market interest rates. Values in the financial instruments may change thus resulting in both potential gains and losses.

The entity managed the market interest rate risk by keeping the cash in the operating bank account at a minimum in order to maximise interest earned on cash deposits.

The entity has invested any surplus cash in a call account. The interest rate on this account fluctuates in line with movements in current market rates.

22. Contributions to Defined Contribution Plan

	2018 R	2017 R
Pension	1 238 603	952 455

The entity entered into a defined contribution plan with Momentum Group Limited whereby the entity contributes to a pension fund for the employees on a one-for-one ratio with the employees.

23. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of four major functional areas: Consolidated Capital Grant, Operational Grant, Institutional Investment Grant and Regulations. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by Management as a basis for evaluating the segments' performance and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

23. Segment information continued

General information continued

Segment surplus or deficit

	Consolidated Capital Grant R	Operational Grant R	Institutional Investment Grant R	Regulations R	Total R
Revenue					
Grants received	851 658 000	46 815 000	20 490 000	8 000 000	926 963 000
Interest revenue	–	43 556 442	–	–	43 556 442
Total segment revenue	851 658 000	90 371 442	20 490 000	8 000 000	970 519 442
Entity's revenue					970 519 442
Expenditure					
Advertising	–	2 160 486	333 978	8 320	2 502 784
Audit fees	–	1 516 788	–	–	1 516 788
Consulting, professional and outsourcing fees	–	3 961 787	35 347	5 045 821	9 042 955
Depreciation	–	575 915	–	–	575 915
Employee costs	–	27 777 384	–	–	27 777 384
Programme costs	598 727 898	–	18 745 803	–	617 473 701
Lease rentals on operating lease	–	2 234 582	–	–	2 234 582
Legal expenses	–	1 246 210	–	730 799	1 977 009
Research and development	–	–	472 903	–	472 903
Training and workshops	–	870 863	–	14 378	885 241
Travel	–	2 156 697	102 822	361 561	2 621 080
Other expenses	–	2 788 501	–	–	2 788 501
Total segment expenditure	598 727 898	45 289 213	19 690 853	6 160 879	669 868 843
Total segmental surplus/(deficit)					300 650 599

24. Contingent liability

A contingent liability exists with regard to the interest claims by SHIs on the Consolidated Capital Grants allocated to the relevant SHIs, which can only be determined when the application of the relevant SHI has been approved by the Council of the SHRA.

DETAILED INCOME STATEMENT

for the year ended 31 March 2018

	Notes	31 March 2018 R	31 March 2017 R
Revenue			
Government grants	11	926 963 000	494 863 000
Other income			
Other income		–	10 982
Interest received	15	43 556 442	41 345 794
		43 556 442	41 356 776
Operating expenses			
Advertising		(2 502 784)	(1 140 472)
Assets expensed		–	(45 151)
Audit fees – External and internal		(1 516 788)	(1 008 030)
Bank charges		(42 319)	(47 343)
Cleaning		(173 614)	(156 768)
Computer, IT and website hosting expenses		(553 110)	(263 513)
Consulting, professional and outsourcing fees		(9 042 955)	(7 870 608)
Depreciation, amortisation, impairments and fair value adjustments		(575 915)	398 738
Donations		(100 000)	(20 000)
Employee costs		(27 777 385)	(22 119 658)
Entertainment		(7 576)	(1 968)
Programme cost		(617 473 700)	(334 062 791)
Insurance		(185 339)	(74 517)
Lease rentals on operating lease		(2 234 582)	(2 709 117)
Legal expenses		(1 977 009)	(3 114 940)
Loss on disposal of assets		–	(11 127)
Motor vehicle expenses		(22 403)	(12 874)
Postage, printing and stationery		(85 560)	(105 602)
Printing and stationery		(283 837)	(715 993)
Repairs and maintenance		(63 710)	(5 026)
Research and development costs		(472 903)	–
Staff welfare		(342 988)	(184 467)
Subscriptions		(52 572)	(36 729)
Telephone and fax		(274 784)	(286 483)
Training and workshops		(885 241)	(821 670)
Travel		(2 621 080)	(1 841 495)
Utilities		(600 689)	(595 628)
		(669 868 843)	(376 853 232)
Surplus for the year		300 650 599	159 366 544

The supplementary information presented does not form part of the audited annual financial statements and is unaudited.



HILLTOP, KWAZULU-NATAL



SECTION E: ANNEXURES

LIST OF ACCREDITED SOCIAL HOUSING INSTITUTIONS (SHI)

The list of accredited entities is as follows:

Name of SHI	Province	Stock	Level of accreditation
Cape Town Community Housing Company	Western Cape	Yes	Full
Communicare	Western Cape	Yes	Full
Emalahleni Housing Company	Mpumalanga	Yes	Full
First Metro Housing Company	KwaZulu-Natal	Yes	Full
Free State Social Housing Company	Free State	Yes	Full
Housing Association East London	Eastern Cape	Yes	Full
Imizi Housing Utility	Eastern Cape	Yes	Full
Johannesburg Housing Company	Gauteng	Yes	Full
Johannesburg Social Housing Company	Gauteng	Yes	Full
Madulammohe Housing Association	Gauteng	Yes	Full
Own Haven Housing Association	Eastern Cape	Yes	Full
SOHCO Property Investments	Western Cape	Yes	Full
Yeast City Housing	Gauteng	Yes	Full
Africa Lemuel Properties	Gauteng	No	Conditional
Afrikhaya Housing Development Agency	Northern Cape	No	Conditional
Agri Housing Settlements	Western Cape	No	Conditional
Ahanang Housing Institution	Gauteng	No	Conditional
Akme Social Housing Company	Gauteng	No	Conditional
Amasu Properties	Gauteng	No	Conditional
Buhlebezwe Property	Gauteng	No	Conditional
Capital City Housing	KwaZulu-Natal	Yes	Conditional
Cardimanzi	Gauteng	No	Conditional
Ceaseless Skills Property Management Solutions	Gauteng	No	Conditional
Daheko Care	Western Cape	No	Conditional
Dangalaza Construction and Civils	KwaZulu-Natal	No	Conditional
DCI Community Housing Services	Western Cape	No	Conditional
Dezzo Social Housing Agency	KwaZulu-Natal	No	Conditional
Ekurhuleni Housing Company	Gauteng	Yes	Conditional
eThekweni Housing Association	KwaZulu-Natal	No	Conditional
Gauteng Housing Secondary Cooperative Limited	Gauteng	No	Conditional
Goldenwest Social Housing Institute	Gauteng	No	Conditional
Govan Mbeki Housing Company	Mpumalanga	Yes	Conditional
Hlalanathi Housing Association	Eastern Cape	No	Conditional
Hope Social Housing Project	Gauteng	No	Conditional
Housing Company Tshwane	Gauteng	Yes	Conditional
Ikusasa Housing Developments	Western Cape	No	Conditional
Kenako Housing Institute	KwaZulu-Natal	No	Conditional
Konny Developments	Gauteng	No	Conditional

Name of SHI	Province	Stock	Level of accreditation
Legacy Housing Projects	KwaZulu-Natal	No	Conditional
Lepticon Consulting	Limpopo	No	Conditional
Let's Care South Africa	Gauteng	No	Conditional
Liyema Nolitha Projects	Western Cape	No	Conditional
Lusabo Holdings	KwaZulu-Natal	No	Conditional
Manapendlo Social Housing Institution	Gauteng	No	Conditional
Mangabane Property Holdings	Gauteng	No	Conditional
MBLC Social Housing	Gauteng	No	Conditional
Mbombela Housing Association	Mpumalanga	Yes	Conditional
Moko Rental Housing Project	KwaZulu-Natal	Yes	Conditional
Motheo Social Housing	Gauteng	No	Conditional
Mother City Housing Company	Western Cape	No	Conditional
Mzansi Housing Forum	Mpumalanga	No	Conditional
Naldovision	KwaZulu-Natal	No	Conditional
Nationwide Housing	KwaZulu-Natal	No	Conditional
Nomda Housing Association	Gauteng	No	Conditional
Nthwese Developments	Gauteng	No	Conditional
Phakamela Trading and Projects	Gauteng	No	Conditional
Phumelele Social Housing Management NPC	Gauteng	No	Conditional
Polokwane Housing Association	Limpopo	Yes	Conditional
Povicom	Western Cape	No	Conditional
Qhama Social Housing Institute	Eastern Cape	No	Conditional
Royal Stock Trading	KwaZulu-Natal	No	Conditional
Salamax	Gauteng	No	Conditional
Siyanakhela Imizi Institution	Gauteng	No	Conditional
SKG Housing Association	Eastern Cape	No	Conditional
Skyprop Social Housing Institution	Eastern Cape	No	Conditional
Social Housing Solutions Management Cooperative Limited	Free State	No	Conditional
SOHCO Amalinda Housing	Eastern Cape	No	Conditional
South African Swedish International Housing Co	Northern Cape	Yes	Conditional
Steve Tshwete Housing Association	Mpumalanga	Yes	Conditional
Tanacento	Eastern Cape	No	Conditional
TBGI Holdings	Gauteng	No	Conditional
Thusong-Osizweni Property Holdings	Gauteng	No	Conditional
Tobibex	Gauteng	No	Conditional
Toproot Property Management	Gauteng	No	Conditional
Toro Property Management	North West	No	Conditional
Tova Property Group	Gauteng	No	Conditional
Ubuntu Housing Association	KwaZulu-Natal	No	Conditional
Umjindi Housing Association	Mpumalanga	No	Conditional
Urban Living Housing Development	Gauteng	No	Conditional
Urban Status Rentals	Western Cape	No	Conditional
Urbanscape Development	Gauteng	No	Conditional
Vascowiz Investments	KwaZulu-Natal	No	Conditional
Viturmix	Gauteng	No	Conditional

PERFORMANCE AGAINST THE PROGRAMME'S ANNUAL INDICATORS

Performance indicator		Audited/actual performance		Target 2017/18
		2015/16	2016/17	
PROGRAMME 1: ADMINISTRATION PROGRAMME				
Strategic objective 1 To develop and implement a Human Resource plan that supports the implementation of the strategic plan				
1.1	Percentage adherence to the Strategic HR Plan's Action Plan The Action Plan's format will include work to be undertaken, timeframes and responsibilities	New indicator	Strategic HR Plan approved	80% of 2017/18 HR Plan's Action Plan implemented by the end of March 2018
1.2	Implementation of a comprehensive performance management process that includes performance targets and performance standards	New indicator	Performance management process including performance targets and standards for all positions developed, approved and implemented	Performance management process including performance targets and standards for all positions implemented
Strategic objective 2 To implement business processes and systems that enable and support the implementation of the strategic plan				
2.1	Obtain unqualified audit opinion on the audit report from the external auditors for the 2016/17, 2017/18 and 2018/19 financial years	Unqualified audit opinion received for the 2014/15 financial year	Unqualified audit opinion obtained on the audit report from the external auditors for the 2015/16 financial year	Unqualified audit opinion obtained on the audit report from the external auditors for the 2016/17 financial year
2.2	Percentage of Information Management Action Plan implemented	New indicator	New indicator	80% of 2017/18 Information Management Action Plan implemented by the end of March 2018 Information Management Policy reviewed by Council
2.3	Percentage of Information Communication Technology Action Plan implemented	New indicator	New indicator	80% of 2017/18 Information Communication Technology Action Plan implemented by end of March 2018

Actual 2017/18	Medium-term targets		Variance and comments
	2018/19	2019/20	
92,5% of 2017/18 HR Plan's Action Plan implemented by the end of March 2018	80% of 2018/19 HR Plan's Action Plan implemented by the end of March 2019	80% of 2019/20 HR Plan's Action Plan implemented by the end of March 2020	Variance is +12,5%. This is a new indicator and therefore a baseline was established in the period under review. The achievement of the targets was supported by the adoption of new values for the entity.
Performance management process including performance targets and standards for all positions implemented	Performance management process including performance targets and standards for all positions implemented Performance management policy reviewed	Performance management process including performance targets and standards for all positions implemented	There is no variance. The target was achieved.
Unqualified audit opinion obtained on the audit report from the external auditors for the 2016/17 financial year	Unqualified audit opinion obtained on the audit report from the external auditors for the 2017/18 financial year	Unqualified audit opinion obtained on the audit report from the external auditors for the 2018/19 financial year	There is no variance. The target was achieved.
71,4% of 2017/18 Action Plan implemented by the end of March 2018	80% of 2018/19 Information Management Action Plan implemented by the end of March 2019	80% of 2019/20 Information Management Action Plan implemented by the end of March 2020	The variance is -8,6%. The reason for the variance is that the Information Management Policy was not approved which was a critical path item. This policy requires further work which the SHRA will undertake in the forthcoming financial year through assistance of a service provider.
88% of 2017/18 Information Communication Technology Action Plan implemented by end of March 2018	80% of 2018/19 Information Communication Technology Action Plan implemented by March 2019	80% of 2019/20 Information Communication Technology Action Plan implemented by March 2020	The variance is +8%. Two permanent resources were appointed into the ICT team which enabled greater efficiency and performance in this critical area.

ANNEXURE B

PERFORMANCE AGAINST THE PROGRAMME'S ANNUAL INDICATOR continued

Performance indicator	Audited/actual performance		Target 2017/18	
	2015/16	2016/17		
PROGRAMME 1: ADMINISTRATION PROGRAMME continued				
Strategic objective 3 To undertake research and on the basis of the findings make proposals to relevant stakeholders on policy amendments				
3.1	Annual development of the State of the Sector Report which includes a research plan for the following year	1 State of the Sector Report published	State of the Sector Report, including a research plan for the following financial year, approved by Council and published on the SHRA website by the end of March 2017	State of the Sector Report, including a research plan for the following financial year, tabled at EXCO by the end of March 2018
3.2	Percentage completion of Annual Research Plan	New indicator	New indicator	80% completion of the Annual Research Plan achieved by the end of March 2018
Strategic objective 4 To secure strategic partnerships with key stakeholders including NDoHS, HDA, NHFC, Provinces and Municipalities and to ensure that the SHRA is represented on all key inter-governmental platforms and forums				
4.1	Development and approval by Council of an annual Stakeholder Management Matrix that identifies SHRA's stakeholders and planned engagements	New indicator	New indicator	Stakeholder Management Matrix for 2017/18 financial year approved by Council by the end of June 2017
4.2	Percentage of planned engagements held as identified on the SHRA's Stakeholder Management Matrix	New indicator	New indicator	70% achievement against the Stakeholder Management Matrix by the end of March 2018
PROGRAMME 2: COMPLIANCE, ACCREDITATION AND REGULATIONS PROGRAMME				
Strategic objective 5 To develop and implement a risk-based compliance monitoring system that triggers intervention timeously				
5.1	Annual development and submission of the Social Housing Regulatory Plan (SHoRP) as per the Social Housing Act	New indicator	New indicator	SHoRP for 2018/19 developed and submitted in accordance with the Social Housing Act by the end of March 2018

Actual 2017/18	Medium-term targets		Variance and comments
	2018/19	2019/20	
State of the Sector Report, including a research plan for the following financial year, tabled at EXCO by the end of March 2018	The 2017/18 State of the Sector Report, including a research plan for the 2018/19 financial year, approved by Council and published on the SHRA website by the end of June 2018	The 2018/19 State of the Sector Report, including a research plan for the 2019/20 financial year, approved by Council and published on the SHRA website by the end of June 2019	There was no variance as the target was achieved.
	State of the Sector Report, including a research plan for the following financial year, tabled at EXCO by the end of March 2019	1 State of the Sector Report, including a research plan for the following financial year, tabled at EXCO by the end of March 2020	
83% completion of the Annual Research Plan achieved by the end of March 2018	80% completion of the Annual Research Plan achieved by the end of March 2019	80% completion of the Annual Research Plan achieved by the end of March 2020	The variance is +3%. An Evaluation Specialist was appointed in the period under review which enabled greater performance in the Strategy, Research and Policy unit.
The Stakeholder Matrix was approved by Council by end of July 2017	Stakeholder Management Matrix for 2018/19 financial year approved by Council by the end of June 2018	Stakeholder Management Matrix for 2019/20 financial year approved by Council by the end of June 2019	There is no variance. The target was achieved.
Progress was made against the Stakeholder Management Matrix by the end of March 2018	70% achievement against the Stakeholder Management Matrix by the end of March 2019	70% achievement against the Stakeholder Management Matrix by the end of March 2020	A number of communications initiatives were undertaken in the year under review, however, the target was not achieved. The recruitment of a Marketing and Communication Manager was made in quarter 4, this will allow further progress to be made in this critical area in the forthcoming year.
Final SHoRP included as an annexure to the APP 2018/19	SHoRP for 2019/20 developed and submitted in accordance with the Social Housing Act by the end of March 2019	SHoRP for 2020/21 developed and submitted in accordance with the Social Housing Act by the end of March 2020	There is no variance. The target was achieved.

ANNEXURE B

PERFORMANCE AGAINST THE PROGRAMME'S ANNUAL INDICATORS continued

Performance indicator	Audited/actual performance		Target 2017/18	
	2015/16	2016/17		
PROGRAMME 2: COMPLIANCE, ACCREDITATION AND REGULATIONS PROGRAMME continued				
Strategic objective 5 To develop and implement a risk-based compliance monitoring system that triggers intervention timeously continued				
5.2	Number of units under regulation	18 580 units under regulation	27 047 units under regulation	30 832 units under regulation
5.3	Percentage of accreditation applications received and processed (received an outcome letter from the SHRA) within a maximum of 90 days	New indicator	New indicator	100% of accreditation applications received and processed (received an outcome letter from the SHRA) within a maximum of 90 days
5.4	Percentage of completed (completed means that all required data fields have been filled in) quarterly reports (quarterly reporting tool template used) submitted by conditionally and fully accredited Social Housing Institutions (SHIs) with stock to the SHRA	New indicator	New indicator	90% of conditionally and fully accredited SHIs with stock submitted completed quarterly reports to the SHRA
5.5	Average number of days from the tabling of the monthly Compliance Report at EXCO that an intervention action plan for non-compliant SHIs (limited to SHIs with stock, SHIs with a project in the pipeline and SHIs classified as Broad-based Black Economic Empowerment (B-BBEE) Owned/Controlled Companies as defined in the B-BBEE Act) is subsequently tabled at EXCO	New indicator	New indicator	Average of 60 days to table an intervention action plan at EXCO for non-compliant SHIs (limited to SHIs with stock, SHIs with a project in the pipeline and SHIs classified as B-BBEE Owned/Controlled Companies as defined in the B-BBEE Act) from the date of tabling the monthly Compliance Report at EXCO that identified the non-compliance of the same SHI
5.6	Percentage of conditionally accredited SHIs that are classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act	New indicator	New indicator	30% of the conditionally accredited SHIs classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act
5.7	Percentage of fully accredited SHIs that are classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act	New indicator	New indicator	30% of the fully accredited SHIs classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act

Actual 2017/18	Medium-term targets		Variance and comments
	2018/19	2019/20	
32 046 units under regulation	37 085 units under regulation	46 466 units under regulation	The variance is +1 214 units. The baseline was reconfigured in the period under review. The staffing of the Compliance Monitoring unit has allowed for greater monitoring and measurement of this target.
100% of accreditation applications received and processed (received an outcome letter from the SHRA) within a maximum of 90 days	100% of accreditation applications received and processed (received an outcome letter from the SHRA) within a maximum of 90 days	100% of accreditation applications received and processed (received an outcome letter from the SHRA) within a maximum of 90 days	There is no variance. The target was achieved.
96% of conditionally and fully accredited SHIs with stock submitted completed 3rd quarter report 2017/18	95% of conditionally and fully accredited SHIs with stock submitted completed quarterly reports to the SHRA	95% of conditionally and fully accredited SHIs with stock submitted completed quarterly reports to the SHRA	The variance is +6%. Two of the SHIs previously not submitting reports have now started submitting the reports. This has been enabled by the staffing of this unit to better follow up on these reports as well as conduct analyses of them.
Average of less than 60 days to table an intervention action plan at EXCO for non-compliant SHIs (limited to SHIs with stock, SHIs with a project in the pipeline and SHIs classified as B-BBEE Owned/Controlled Companies as defined in the B-BBEE Act) from the date of tabling the monthly Compliance Report at EXCO that identified the non-compliance of the same SHI	Average of 60 days to table an intervention action plan at EXCO for non-compliant SHIs (limited to SHIs with stock, SHIs with a project in the pipeline and SHIs classified as B-BBEE Owned/Controlled Companies as defined in the B-BBEE Act) from the date of tabling the monthly Compliance Report at EXCO that identified the non-compliance of the same SHI	Average of 60 days to table an intervention action plan at EXCO for non-compliant SHIs (limited to SHIs with stock, SHIs with a project in the pipeline and SHIs classified as B-BBEE Owned/Controlled Companies as defined in the B-BBEE Act) from the date of tabling the monthly Compliance Report at EXCO that identified the non-compliance of the same SHI	There is no variance. The target was achieved.
41,4% of the conditionally accredited SHIs classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act	32% of the conditionally accredited SHIs classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act	34% of the conditionally accredited SHIs classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act	The variance is +11,4%. This is the first year this target has been set, hence the SHRA is creating a baseline. The appointment of an SHI Accreditation Specialist has also enabled greater monitoring and measuring of this target.
53,8% of the fully accredited SHIs classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act	32% of the fully accredited SHIs classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act	34% of the fully accredited SHIs classified as B-BBEE Owned/Controlled companies as defined in the B-BBEE Act	The variance is + 23,8%. This is the first year this target has been set, hence the SHRA is creating a baseline. The appointment of an SHI Accreditation Specialist has also enabled greater monitoring and measuring of this target.

ANNEXURE B

PERFORMANCE AGAINST THE PROGRAMME'S ANNUAL INDICATORS continued

Performance indicator	Audited/actual performance		Target 2017/18	
	2015/16	2016/17		
PROGRAMME 3: SECTOR DEVELOPMENT PROGRAMME				
Strategic objective 6 To implement a customised and structured capacitation programme tailored to SHIs' needs so as to improve absorption rates and tenant-focused management systems				
6.1	Annual development and submission of the Social Housing Sector Development Plan (SHSDP) which is considered as the Institutional Investment Plan as per the Social Housing Act	New indicator	New indicator	SHSDP for 2018/19 developed and submitted in accordance with the Social Housing Act by the end of March 2018
6.2	Percentage of the SHIs that are identified by the Compliance, Accreditation and Regulations programme, and approved by EXCO and the SHI, to be assisted through the award of an Institutional Investment Grant for a specific Intervention that upon completion of the work either maintains or improves their level of accreditation	New indicator	New indicator	75% of SHIs who received an Institutional Investment Grant, of which the work is completed within the 2017/18 financial year, either maintained their level of accreditation or improved their level of accreditation from the date of grant approval at EXCO unless the SHIs lose their accreditation status or their accreditation status drops since the date of grant approval
6.3	Percentage of projects identified by the Project Development and Funding Programme, and approved by EXCO and agreed to by the SHI or Other Delivery Agent (ODA), that are assisted through the award of an Institutional Investment Grant for a specific Intervention and upon completion of the work are later recommended to the Technical Evaluation Committee (TEC) for capital grant award	New indicator	New indicator	75% of the projects that received an Institutional Investment Grant, of which the work is completed within the 2017/18 financial year, are recommended to the TEC for capital grant award
6.4	Percentage expenditure of Institutional Investment Grant within the financial year in which it has been allocated	0%	48% expenditure of Institutional Investment Grant within the 2016/17 financial year	At least 95% expenditure of Institutional Investment Grant within the 2017/18 financial year

Actual 2017/18	Medium-term targets		Variance and comments
	2018/19	2019/20	
SHSDP for 2018/19 developed and submitted in accordance with the Social Housing Act by the end of March 2018	SHSDP for 2019/20 developed and submitted in accordance with the Social Housing Act by the end of March 2019	SHSDP for 2020/21 developed and submitted in accordance with the Social Housing Act by the end of March 2020	There is no variance. This target was achieved.
100% of SHIs who received a grant for which work was completed in 2017/18 maintained their level of accreditation	80% of SHIs who received an Institutional Investment Grant, of which the work is completed within the 2018/19 financial year, either maintained their level of accreditation or improved their level of accreditation from the date of grant approval at EXCO unless the SHIs lose their accreditation status or their accreditation status drops since the date of grant approval	80% of SHIs who received an Institutional Investment Grant, of which the work is completed within the 2019/20 financial year, either maintained their level of accreditation or improved their level of accreditation from the date of grant approval at EXCO unless the SHIs lose their accreditation status or their accreditation status drops since the date of grant approval	The variance is +25%. All SHIs maintained but none improved their level of accreditation. This is a new indicator and hence a baseline is being developed to measure the effectiveness of the grants. This unit has also been capacitated in the period under review with the appointment of a Sector Development Specialist. Levels maintained since no adverse compliance matters identified. Business plan support given for EDC, Daheko Care, eThekweni Housing Association, First Metro Housing Company, Hlalanathi, Ikusasa, MBLC, Povicom, Salamax, Thusong Osizweni Property Holdings and Vascowiz intends to facilitate improvement over the next year.
100% of projects that received an Institutional Investment Grant for which work was completed in 2017/18 were recommended to the TEC for capital grant award	75% of the projects that received an Institutional Investment Grant, of which the work is completed within the 2018/19 financial year, are recommended to the TEC for capital grant award	75% of the projects that received an Institutional Investment Grant, of which the work is completed within the 2019/20 financial year, are recommended to the TEC for capital grant award	The variance is +25%, with work on two projects completed. Both qualified due to appropriate support given. Goodwood, Heideveld projects support work completed in 2017/18, recommended to TEC; both also approved by the SHRA Council. This is a new indicator and hence a baseline is being developed to measure the effectiveness of the grants. This unit has also been capacitated in the period under review with the appointment of a Sector Development Specialist.
95,36% (R19,54m) disbursement of Institutional Investment Grant achieved	At least 95% expenditure of Institutional Investment Grant within the 2018/19 financial year	At least 95% expenditure of Institutional Investment Grant within the 2019/20 financial year	There is no variance. The target was achieved.

ANNEXURE B

PERFORMANCE AGAINST THE PROGRAMME'S ANNUAL INDICATORS continued

Performance indicator		Audited/actual performance		Target 2017/18
		2015/16	2016/17	
PROGRAMME 4: PROJECT DEVELOPMENT AND FUNDING PROGRAMME				
Strategic objective 7				
To proactively establish a pipeline of prioritised projects that meet a holistic set of well researched criteria				
7.1	Number of social housing units delivered (reached practical completion)	3 054 social housing units delivered	3 058 social housing units delivered	6 000 social housing units delivered
7.2	Average number of months for a tenant to occupy a unit from the unit reaching practical completion within the financial year	New indicator	New indicator	An average of three months for a tenant to occupy a unit from the unit reaching practical completion within the 2017/18 financial year
7.3	Number of social housing units approved for capital grant funding	1 979 social housing units approved for capital grant funding	6 529 social housing units approved for capital grant funding	12 000 social housing units approved for capital grant funding
7.4	Percentage expenditure of CCG allocation for the financial year	46% expenditure of 2015/16 Restructuring Capital Grant (RCG) allocation	75,67% expenditure of 2016/17 RCG allocation	At least 95% expenditure of 2017/18 CCG allocation

Actual 2017/18	Medium-term targets		Variance and comments
	2018/19	2019/20	
3 519 social housing units delivered	12 508 social housing units delivered	12 508 social housing units delivered	The variance is -2 481. A number of projects are experiencing difficulties such as community unrest, liquidation of contractors and town planning issues. These have culminated in delays to some of the projects expected to have delivered units in the period under review. In the period under review the unit responsible for project development has been capacitated with three resources but a further two Portfolio Managers will be appointed in the beginning of the next financial year in order to support project performance, i.e. supporting projects to achieve Conditions Precedent and Financial Closure. In addition, social facilitators will be appointed to assist on projects where community participation is required.
An average of two months for a tenant to occupy a unit from the unit reaching practical completion within the 2017/18 financial year	An average of three months for a tenant to occupy a unit from the unit reaching practical completion within the 2018/19 financial year	An average of three months for a tenant to occupy a unit from the unit reaching practical completion within the 2019/20 financial year	<p>There is no variance on this indicator as the average number of months for a unit to be tenanted is two months. This was the first year this target has been established and the SHRA was establishing a baseline.</p> <p>This has been calculated by averaging the length of time for a tenant to occupy a unit from the date of reaching practical completion for those units that reached practical completion in the period under review.</p>
6 018 social housing units were approved for capital grant funding for the 2017/18 financial year	14 000 social housing units approved for capital grant funding	14 000 social housing units approved for capital grant funding	The variance is -5 982 social housing units approved for grant funding. TECs have been held on a quarterly basis in order to fast-track project approvals; however, a number of projects that applied for grant award did not meet the minimum investment criteria or project readiness criteria. The pipeline is comprised of 29 665 units and 55 projects and management will endeavour to apply the revised operational framework to improve the performance rate.
70,3% expenditure of the CCG allocation	At least 95% expenditure of 2018/19 CCG allocation	At least 95% expenditure of 2019/20 CCG allocation	The variance is -24,7%. This was due to the lack of performance on some of the CCG contracts due to project delays of blockages as described in indicator 7.1.

ANNEXURE B

PERFORMANCE AGAINST THE PROGRAMME'S ANNUAL INDICATORS continued

Performance indicator		Audited/actual performance		Target 2017/18
		2015/16	2016/17	
PROGRAMME 4: PROJECT DEVELOPMENT AND FUNDING PROGRAMME continued				
Strategic objective 8 To develop and implement an investment plan focused on achieving social, economic and spatial restructuring and community development that enables investment in social housing projects on the basis of well researched criteria				
8.1	Annual development and submission of the Social Housing Investment Plan as per the Social Housing Act	New indicator	New indicator	Social Housing Investment Plan for 2018/19 developed and submitted in accordance with the Social Housing Act by the end of March 2018
Strategic objective 9 To develop and implement a model that enables private sector involvement in social housing				
9.1	Percentage of annual CCG allocation awarded to ODAs	New indicator	New indicator	15% of CCG allocation for 2017/18 financial year awarded to ODAs within the 2017/18 financial year
9.2	Percentage of annual CCG allocation awarded to B-BBEE Owned/Controlled Companies as defined in the B-BBEE Act	New indicator	New indicator	50% of CCG allocation for 2017/18 financial year awarded to B-BBEE Owned/ Controlled Companies, as defined in the B-BBEE Act, within the 2017/18 financial year

Actual 2017/18	Medium-term targets		Variance and comments
	2018/19	2019/20	
Council approved the Social Housing Investment Plan in quarter 4 of 2017/18	Social Housing Investment Plan for 2019/20 developed and submitted in accordance with the Social Housing Act by the end of March 2019	Social Housing Investment Plan for 2020/21 developed and submitted in accordance with the Social Housing Act by the end of March 2020	Council approved the SHIP in quarter 4 of 2017/18 on 15 March 2018.
The total annual CCG award to ODAs is 49% (R414 689 775) against a target of 15% of the CCG	20% of CCG allocation for 2018/19 financial year awarded to ODAs within the 2018/19 financial year	20% of CCG allocation for 2019/20 financial year awarded to ODAs within the 2019/20 financial year	The variance is +34%. 49% (R414 689 775) allocation to the ODAs against the annual CCG budget. This was the first year this target has been set, therefore the SHRA is establishing a baseline. The SHRA underestimated the interest and participation of the private sector.
Percentage of annual CCG allocation awarded to B-BBEE Owned/Controlled Companies as defined in the B-BBEE Act is 182,7% (R1 555 868 352) against a target of 50%	50% of CCG allocation for 2018/19 financial year awarded to B-BBEE Owned/ Controlled Companies, as defined in the B-BBEE Act, within the 2018/19 financial year	50% of CCG allocation for 2019/20 financial year awarded to B-BBEE Owned/ Controlled Companies, as defined in the B-BBEE Act, within the 2019/20 financial year	The variance is +132,7%. This was the first year this target has been set, therefore the SHRA is establishing a baseline. The SHRA was able to achieve this target because of its proactive and continuous engagement to encourage the delivery agents to meet the B-BBEE requirements as per National imperative.

PROJECT PIPELINE

The list of projects in the pipeline is as follows:

Project	Organisation	Number of units	Province	Delivery agent
Beatty Avenue	Emalahleni Housing Co.	36	Mpumalanga	SHI
Betty Street	Norvena Consortium	198	Gauteng	ODA
Lens	Ahanang	927	Gauteng	SHI
Naledi	Ahanang	350	Gauteng	SHI
Pooks Hill	Ahanang	1 200	Gauteng	SHI
Mogale City Ext 10	Alticon Commercial	1 131	Gauteng	ODA
The Orchards	Alticon Commercial	1 056	Gauteng	ODA
Goudrand	Blue Print Developers	1 000	Gauteng	ODA
Zandspruit	Blue Print Developers	1 000	Gauteng	ODA
Jeppe Mews	Cardimanzi	90	Gauteng	SHI
Allenby Street	Emalahleni Housing Co	30	Mpumalanga	SHI
Eric Liberty	Emalahleni Housing Co	102	Mpumalanga	SHI
Spring Valley X17	Emalahleni Housing Co	324	Mpumalanga	SHI
Sterling Court Erf 571	Ekurhuleni Housing Co	129	Gauteng	SHI
Noreen Flats	Golden Bay Properties	40	Gauteng	ODA
Traveline Flats	Gomolemo Bokang	10	Gauteng	ODA
Chantelle Social Housing Development	Housing Co Tshwane	1 079	Gauteng	SHI
Sunnyside Social Housing Project	Housing Co Tshwane	264	Gauteng	SHI
Timberland Social Housing Project	Housing Co Tshwane	574	Gauteng	SHI
Chief Mogale Gardens	Instratin	870	Gauteng	ODA
Building Flats	SB Delivery Services	21	Gauteng	ODA
Lombardy East Housing	Joshco	514	Gauteng	SHI
Lufhereng	Joshco	418	Gauteng	SHI
Turffontein Gardens	Joshco	528	Gauteng	SHI
Phoenix Rental Housing Prj	Moko	1 274	KwaZulu-Natal	SHI
Polokwane Ext 76 Project	PHA	208	Limpopo	SHI
Sunnyside	Qhama	219	Eastern Cape	SHI
Florida Heights Integrated Housing	Sakhisizwe	741	Eastern Cape	ODA
Klubsig	SB Delivery Services	16	Gauteng	ODA
Govan Mbeki Avenue	Tanacento	300	Eastern Cape	SHI
Soweto City Social Housing	TBGI	1 996	Gauteng	SHI
Lesedi Heights	The Axis Fund	278	Gauteng	ODA
Cape Agulhas Building	The Housing Hub	241	Gauteng	ODA
Helen Joseph Building	The Housing Hub	145	Gauteng	ODA
Jeppe Street Building	The Housing Hub	600	Gauteng	ODA
Unitas Park Extension 3	Thusong Osizweni	600	Gauteng	SHI

Project	Organisation	Number of units	Province	Delivery agent
65 Maud Mfusi Street	Vascowiz	118	KwaZulu-Natal	SHI
Consolidated Building	Vendiq	153	Gauteng	ODA
Roslin Park	Viturmix	308	Gauteng	SHI
Cloverdene	Voltage House of Creations	376	Gauteng	ODA
Matsaung Heights	Thousand Supply cc	405	Limpopo	ODA
Sondela Village Ph 1	Let's Care	246	Gauteng	SHI
Mitchell Heights	Naldo Vision	1 838	Western Cape	SHI
Fairview	Let's Care	324	Eastern Cape	SHI
Mthatha Junction	Urecon Housing Group	810	Eastern Cape	ODA
Pennyville	Paxilac	750	Gauteng	ODA
Ga-Rena Phase II	PHA	494	Limpopo	SHI
Makonya Place	Axis Group	450	Gauteng	ODA
Sondella Village Ph 2	Let's Care	246	Gauteng	SHI
Mohlakeng	The Housing Hub	1 080	Gauteng	ODA
Bridge Tower	Instratin	1 148	KwaZulu-Natal	ODA
Orchards x19	Tamiscan Housing JV	360	Gauteng	ODA
Vaal River City	Inkanyeli	838	Gauteng	ODA
Phola Park	Ceaseless Skills	680	Gauteng	SHI
Friendship Town	Ravanwood Properties	532	Gauteng	ODA
Total		29 665		

LIST OF ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BNG	Breaking New Ground
CCG	Consolidated Capital Grant
CEO	Chief Executive Officer
CoJ	City of Johannesburg
CP	Conditions Precedent
CRU	Community Residential Unit
CSM	Corporate Services Manager
EXCO	Executive Committee
HDA	Housing Development Agency
HR	Human Resources
ICT	Information Communication Technology
IS	Institutional Subsidy
IT	Information Technology
JDA	Johannesburg Development Agency
Joshco	Johannesburg Social Housing Company
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NASHO	National Association of Social Housing Organisations
NDHS	National Department of Human Settlements
NHFC	National Housing Finance Corporation
NPC	Non-Profit Company
OD	Organisation Development
ODA	Other Delivery Agents
PFMA	Public Finance Management Act, No. 29 of 1999
PSC	Provincial Steering Committee
RCG	Restructuring Capital Grant
SAWIC	South African Women in Construction
SHI	Social Housing Institution
SHIP	Social Housing Investment Programme
SHRA	Social Housing Regulatory Authority
SHoRP	Social Housing Regulatory Plan
SHSDP	Social Housing Sector Development Plan
SoHCO	Social Housing Company
TEC	Technical Evaluation Committee





GENERAL INFORMATION

Country of incorporation and domicile

Republic of South Africa

Council Members

Mr ZT Ngcakani (Chairperson)
Mr R Gallocher (Chief Executive Officer)
Ms A Puoane (Corporate Services Manager)
Mr S Ganda
Mr PWW Ximiya
Mr MR Moroka
Adv M Mdludlu
Ms KE Kwinana
Mr IW Kotsoane
Mr MI Higgins
Mr MM Chikane
Mr M Mxenge

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Nexia SAB&T
Registered Auditors

Preparer

The annual financial statements were compiled
by: Excelerate Chartered Accountants Inc.
Chartered Accountants (SA)

Reviewer

Ms A Puoane
Corporate Service Manager



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA



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An agency of the Department of Human Settlements

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