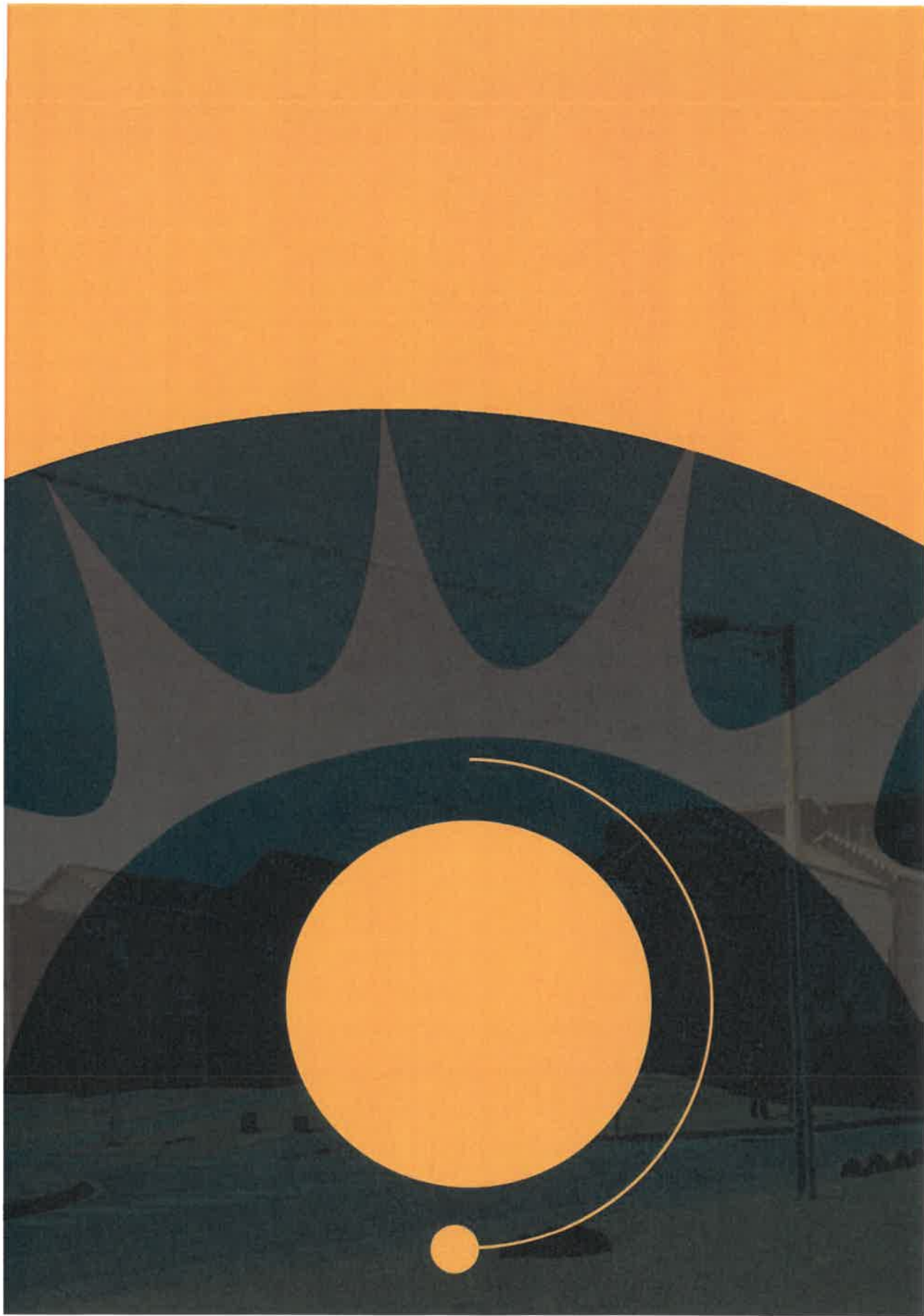


Annual Report  
**2021/22**

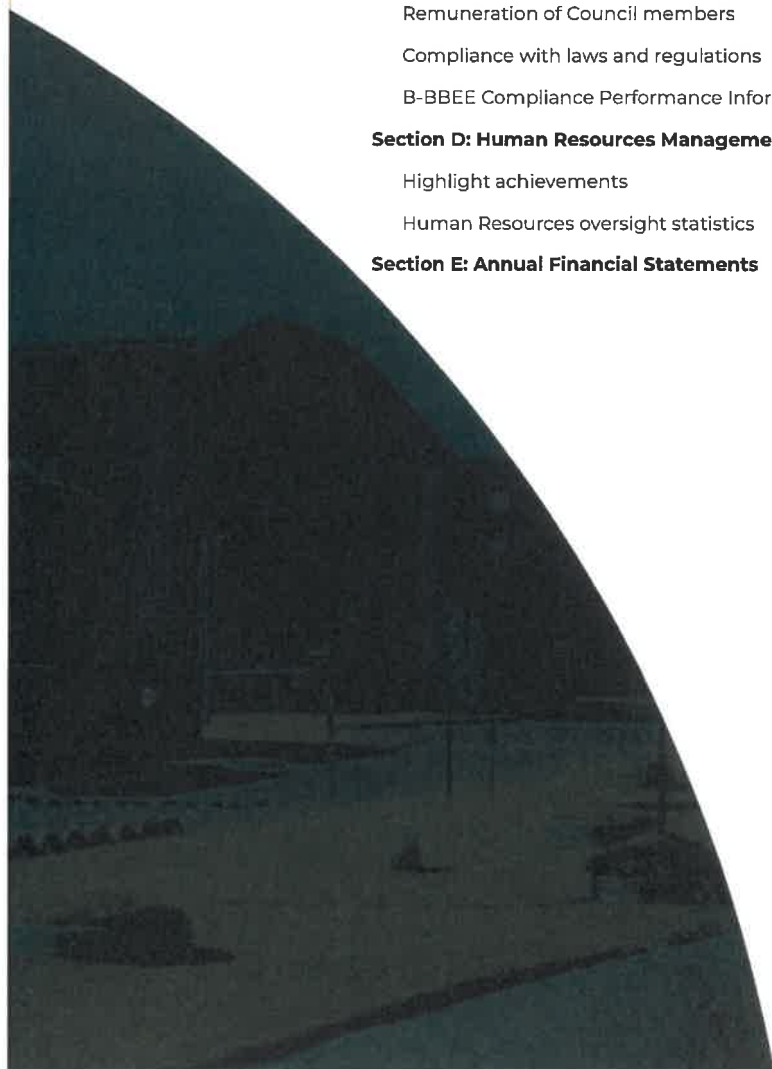


**INVEST REGULATE PROMOTE**



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## List of abbreviations and acronyms

<b>AFS</b>	Annual Financial Statements	<b>NASHO</b>	National Association of Social Housing Organisations
<b>APP</b>	Annual Performance Plan	<b>NRHTT</b>	National Rental Housing Task Team
<b>BCA, s</b>	Building Condition Audits	<b>NDoHS</b>	National Department of Human Settlements
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment	<b>NDP</b>	National Development Plan
<b>BNG</b>	Breaking New Ground	<b>NHFC</b>	National Housing Finance Corporation
<b>CAR</b>	Compliance, Accreditation and Regulations	<b>NRHTT</b>	National Rental Housing Task Team
<b>CEO</b>	Chief Executive Officer	<b>NSHP</b>	National Social Housing Programme
<b>CoJ</b>	City of Johannesburg	<b>OD</b>	Organisation Development
<b>CP</b>	Conditions Precedent	<b>ODA</b>	Other Delivery Agents
<b>CSM</b>	Corporate Services Manager	<b>PFMA</b>	Public Finance Management Act, No 1 of 1999
<b>CSOS</b>	Community Schemes Ombud Service	<b>PM</b>	Portfolio Managers
<b>COSEC</b>	Company Secretary	<b>PSC</b>	Provincial Steering Committee
<b>CRU</b>	Community Residential Unit	<b>RCCG</b>	Restructuring Capital Grant
<b>CCG</b>	Consolidated Capital Grant	<b>SALGA</b>	South African Local Government Association
<b>EXCO</b>	Executive Committee	<b>SAQA</b>	South African Qualifications Authority
<b>FC</b>	Financial Closure	<b>SAWIC</b>	South African Women in Construction
<b>GBV</b>	Gender Based Violence	<b>SAIBPP</b>	South African Institute of Black Property Practitioners
<b>HDA</b>	Housing Development Agency	<b>SDF</b>	Spatial Development Framework
<b>HR</b>	Human Resources	<b>SHI</b>	Social Housing Institution
<b>ICT</b>	Information Communication Technology	<b>SHIP</b>	Social Housing Investment Programme
<b>IT</b>	Information Technology	<b>SHRA</b>	Social Housing Regulatory Authority
<b>IDP</b>	Integrated Development Plan	<b>SCM</b>	Supply Chain Management
<b>IRC</b>	Independent Review Consultant	<b>SDT</b>	Sector Development and Transformation
<b>IS</b>	Institutional Subsidy	<b>PDF</b>	Project Development and Funding
<b>JDA</b>	Johannesburg Development Agency	<b>RRRP</b>	Residential Rent Relief Programme
<b>Joshco</b>	Johannesburg Social Housing Company	<b>KYC</b>	Knowing Your Customer
<b>MINMEC</b>	Minister and Members of the Executive Council	<b>SCOPA</b>	Standing Committee on Public Accounts
<b>MTEF</b>	Medium-Term Expenditure Framework	<b>TEC</b>	Technical Evaluation Committee
<b>MTSF</b>	Medium-Term Strategic Framework		
<b>MSP</b>	Municipal Support Programme		

The graphic features a dark teal background with a large, semi-transparent orange circle in the center. Inside this circle, the text 'Section A Strategic background' is displayed. The word 'Section' is in white, 'Strategic background' is in black, and the letter 'A' is a large, bold, black font. A thin orange line curves around the right side of the circle, ending in a small orange dot. The background also includes a faint image of a laptop and a pattern of dark teal shapes resembling stylized leaves or petals.

**Section**

**Strategic  
background**

**A**

## Foreword by the Minister



Government intervention in the rental housing market is targeted at rectifying gaps where the market system is not supplying to portions of the South African population. This is particularly pertinent in South African urban spaces and more specifically in our larger Cities where there are substitutional affordability and supply challenges for households in the low-to-middle income segments of the market (R1 850 to R22 000).

The affordable housing sector, including rental and social housing has been identified as a key opportunity based on the available plans and documentation in place. The Affordable Rental and Social Rental Housing programme should serve as a case for good practice implementation. Lessons learnt from these programmes should then be transferred to other priority programmes in the sector, and includes, the human settlements Bulk and Link Infrastructure Programme (BLP), the Informal Settlements Upgrading Programme (ISUP) and the Integrated Residential Development Programme (IRDP).

Available resources, disposal policy, legislative and regulatory instruments, financial and technical resources need to be leveraged to plan, implement and realize the required developmental outcomes. This can only be achieved by ensuring that investments in the housing sector that are dispersed in different institutions in the public and the private sector are brought together in a collaborative framework that will ensure increased impact. As government we are utilizing all the available resources to create a conducive environment for partners in the private sector and Development finance institutions to invest in the sector.

The SHRA's mandate is to invest in, as well as capacitate and regulate the social housing sector. In this respect, SHRA together with the National Housing Finance Corporation (NHFC) has initiated a collaborative relationship with the Infrastructure Fund (IF) to create a framework for large scale financing proposals for catalysing the implementation of the social housing projects (SHP). Thus far, six (6) projects were approved under Vote 8 of National Treasury for R305 000 000 over 2 years. An Appropriation Bill has also been submitted by the Infrastructure Fund which gives certainty of the allocations in 2022/23 financial year.

During the year under review, SHRA's performance managed to achieve only 61% of its targets. Management will need to devise mechanisms for monitoring of in-year performance and ensure that the plans to increase levels of performance are being implemented. With regards to transformation, there are 11 indicators related to transformation, eight (8) of these were achieved. In particular, the entity has failed to achieve its target on the Percentage of new project accreditation applicants that are majority owned or controlled by the designated groups. The major reasons for this failure is the diminished opportunities for institutions mostly managed by designated groups accessing land and finance. Transformation is an area in which SHRA will have to improve on, uncompromisingly.

The board has not been able to appoint a chief executive officer which has been a huge contributor to the uncertainty at a leadership level. This delay in appointing the CEO has contributed to instability on the executive leadership structure as executives were appointed to act in the role. Consequently, the capacitation of the institution as senior management level has had to be further postponed. Evidently this continued vacancies hindered the SHRA's performance. It is expected that the board will prioritize this and appoint a CEO soon.

Let me thank the board for continuing to guide the institution during this period. My gratitude also goes to the executives and the staff who have been working tirelessly to fulfill the SHRA's mandate.



**MMAMOLOKO KUBAYI, MP**

**Minister of Human Settlements**







## Foreword by the Chairperson

It is with great pleasure that we present the 2021/22 Annual Report for the Social Housing Regulatory Authority (SHRA). This report marks the end of the 18-month period of the previous Interim Council, and the beginning of the newly appointed Council's three-year term at the SHRA, having been appointed by the Minister for Human Settlements, Honourable Minister Kubayi in November 2021. The last quarter of the financial year allowed the new leadership an opportunity to be inducted on the mandate of the SHRA and the applicable governance structures.

The target set by the National Department of Human Settlements (NDoHS) in the 2019 APP/Annual Report published in the 2019-2024 MTSF was that SHRA delivers 30 000 social housing units in strategically located areas. During the year 2021/22 the MTSF target was revised from 30 000 to 18 000 units. The work that remains for the incoming Council is to facilitate the development of the social housing growth plan, which will assist in motivating for an increased grant funding for the programme, as the SHRA does not have the proportionate grant funding to carry this mandate.

During the year under review, the Infrastructure Fund (IF) with the support of NDoHS applied for funding to the value of R305 million for the Social Housing Programme (SHP) with the Budget Facility for Infrastructure (BFI) for the 2022 Medium Term Expenditure Framework (MTEF). SHRA is elated to announce that the Social Housing Programme has received a positive outcome from the National Treasury with the assistance of the IF that the programme's application has been supported and approved. This will translate to 2 739 units already approved and creation of 8 934 jobs in 4 provinces.

The Social Housing Policy envisaged regular indexation of both the income bands and grant quantum. Since the last adjustment in 2018, general price inflation, increases in utility costs as well as building cost inflation has resulted in challenges where the tenant may be willing but unable to afford the total rental charged. Revision of the income bands, coupled with the increase in quantum, is something that the sector will welcome as the expansion of the target market to include households earning up to R22 000 gross monthly income will align with the broader definition of the affordable housing programme such as FLISP.

Regrettably, the last quarter of the year under review was officially the last quarter for the implementation and disbursement of the Covid 19 Rent Relief Fund. By the end of March 2022, the influx of applications declined and a total amount of R2 069 172 (against a total grant allocation of R300 million) had been committed and disbursed for the benefit of the tenants who were not able to pay their rent during and after the hard lock down period.

The SHRA has embarked on an Organisational Design exercise that entails an organisational assessment and the review of job profiles and a skills audit to determine if the entity is structurally geared to deliver on its mandate.

and support any motivations for structural amendments. The new recommended organisational structure has been approved by the SHRA Council, and has been submitted to the NDoHS for approval by the Minister of Human Settlements. Implementation of the organisational structure (upon approval) will be implemented in the new financial year.

The focus of 2022/23 and the remaining MTSF period will be on critical legislative and policy amendments, partnerships with relevant stakeholders and operational changes where required, as well as capacitating SHRA to deliver on its mandate. The filling of critical strategic vacancies will be prioritised, and once the new organisational structure is approved recruitment of the other positions will commence. It is anticipated that these interventions will enhance the scale of social housing delivery and help to develop a thriving social housing sector.

As Council Chairperson, I would like to thank my predecessor, Ms B. Dlamini, for her commitment to the social housing programme and providing guidance to the Interim Council. My gratitude goes to the Honourable Minister M. Kubayi, and the Portfolio Committee as well as our colleagues at the National Department of Human Settlements for their ongoing support. I would also like to thank my fellow Council members, the SHRA Executive and staff for their dedication to the work of the entity.

As I conclude, the social housing programme plays a key role in contributing to the vision of the National Development Plan (NDP); the SHRA is dedicated to creating an enabling and innovative approach environment for the growth and development of social housing, as a contribution to changing the spatial landscape of the country.



**Ms. BN. Nzo**

**Chairperson**

## Acting Chief Executive Officer's Overview



Social housing faces several challenges that require innovative and creative strategies to facilitate a sustainable, performing, well managed, and growing inclusive sector. The Social Housing Regulatory Authority is key to this and must therefore regulate, promote, and invest in the sector such that this may be achieved.

Expenditure on the Consolidated Capital Grant increased from R587 227 628 in the previous financial year to R744 790 731 in the period under review against R713 146 000 received. The retention of surplus assisted us to continue delivery and 2 771 social housing units were completed with approximately 10 000 social housing units under construction. This is an increase from the 1,856 social housing units completed in the previous year. The number of new completed units remains moderate against the total demand in the country and the management team is focused on efforts to increase this contribution meaningfully.

We are also increasing our focus on compliance enforcement and reviewing accreditation to ensure that the regulatory function of the SHRA is strengthened while improving efficiencies for upscaled delivery. The total portfolio of units regulated was 42 533 at the close of the period which means that we can create clean, safe, and healthy environments where children are raised, allowing families in these homes better access to job opportunities and social amenities.

The increase in delivery of social housing is therefore critical and focus on the optimal use of resources becomes increasingly important. The expenditure on the Institutional Investment Grants must for instance substantially increase from the R9 120 682 against an allocation of R22 725 000 to ensure that we create delivery partners with sufficient and appropriate capacity to develop and manage social housing.

In all areas of our business, we remain committed to the cross-cutting priority of driving the transformation agenda across the value chain through interventions that support enterprises owned and managed by designated groups. The SHRA approved an Inclusive Growth Policy in January 2022 to provide a supportive, handholding approach to such institutions and project applicants that demonstrate the potential and the acumen to participate in social housing.

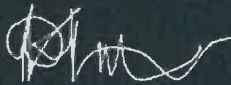
Although several organisational development initiatives commenced with a new structure proposed, these need to be concluded and implemented to meaningfully increase our contribution while strengthening the regulatory function and providing appropriate support to the sector. Our existing policies and procedures are under review to become more effective and efficient and will align with our strategy to increase delivery and good management of social housing. We will bring about efficiencies through automation of the key business processes once the review is completed while optimising our cost of employment to better balance the ratio of administrative to core staff and to

reduce the reliance on outsourced services through capacitation of key functions in the areas of regulation, portfolio management, risk, due diligence, and stakeholder management.

There were two (2) findings raised in 2021/22, relating to minuting of bid specification meetings and terms of reference, have been resolved.

This is an improvement from the prior year where five audit findings were raised, three (3) of which have been fully resolved and two (2) partially addressed during the period under review with the most important being the appointment of the SHRA Council on 26 November 2021. Management is committed to conclude on the partially addressed items.

My gratitude to the Honourable Minister Kubayi for her continued guidance, as well as that of the SHRA Council. I would also like to thank the staff for their support to and belief in social housing and their continued commitment to develop a thriving social housing sector.



**Mr. D. Koekemoer**

**Acting Chief Executive Officer**

## Official sign-off

It is hereby certified that this Annual Report was developed by the Council and management of the Social Housing Regulatory Authority (SHRA) and indicates the audited achievements against the performance targets as per the Annual Performance Plan 2021/22 approved by the Executive Authority.



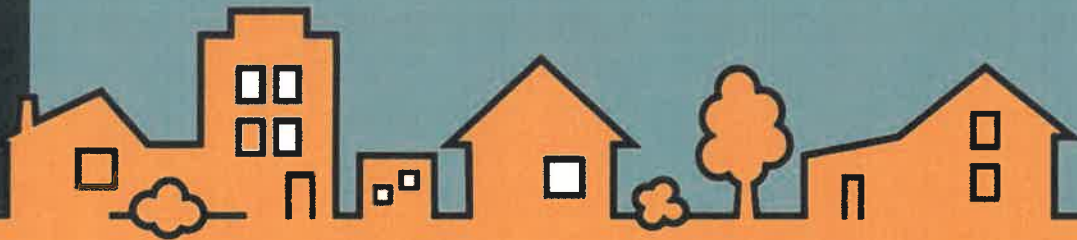
**D. Koekemoer**  
Acting Chief Executive Officer

31 August 2022

Date



## 4. 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, No 1 of 1999 as amended.

The SHRA's mandate is to invest in, as well as capacitate and regulate the social housing sector. There are two primary intentions of social housing: firstly, to deliver affordable rental housing for low- to middle-income groups — who mostly do not qualify for free BNG housing but also do not earn enough to qualify for bank financing to purchase a house — and secondly, to achieve spatial, economic and social integration of the urban environments in South Africa.

Social housing is government's primary housing product for achieving the desired densities to support spatial transformation. It is also a powerful instrument to address economic integration, social development, urban efficiency, urban inclusivity and good urban management.

The definite demand shift in cities towards rental accommodation — expected to grow given the rate of urbanisation — is also met by an increase in the delivery of social housing.



### Vision

To create an integrated South Africa where citizens live a good quality life in well-located, affordable and quality rental homes.



### Mission

To ensure there is quality housing for lower- to middle-income households in integrated settlements by investing in, enabling, regulating and transforming the affordable social housing rental market.

## Values

The SHRA revised its values in the 2017/18 financial year.



### VALUE

### DESCRIPTION

#### 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, and 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 cooperation with one another we achieve results collectively, which enhances our efficiency and effectiveness.

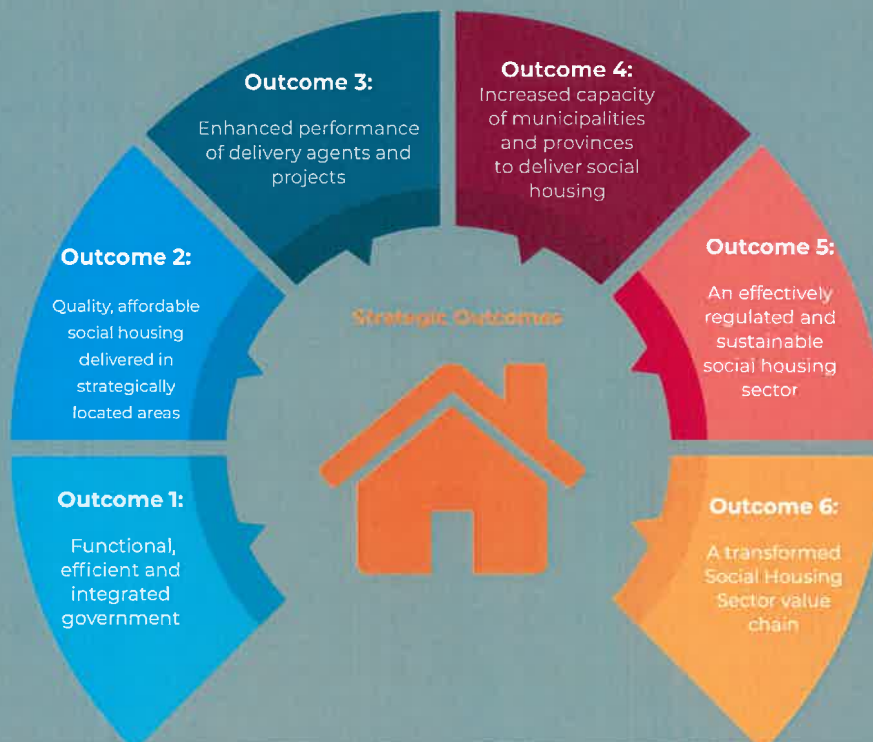
#### Accountability

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.

## Strategic Outcomes



## Legislative and other mandates

### Legislation

- Constitution of South Africa Act (No. 108 of 1996)
- Housing Act (No. 107 of 1997), as amended
- Rental Housing Act (No. 50 of 1999), as amended by the Rental Housing Amendment Act (No.35 of 2014)
- Social Housing Act (No. 16 of 2008) - The establishment mandate of the SHRA
- Social Housing Regulations (2011)
- Housing Consumer Measures Protection Act (No. 5 of 1998)
- Public Finance Management Act (No. 1 of 1998), as amended (PFMA)
- Spatial Land Use Management Act (No. 16 of 2013)
- Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended by Broad-Based Black Economic Empowerment Act (No. 46 of 2013),
- Preferential Procurement Policy Framework Act (No.5 of 2000) and Preferential Procurement Regulations (2017)
- Intergovernmental Relations Framework Act (No. 13 of 2005)
- All relevant governance legislation and regulations

### Policies

- National Development Plan, Vision 2030 - Chapter 8
- Sustainable Development Goals - Goal 11
- African Union Agenda 2063
- New Urban Agenda (2016)
- Medium-term Strategic Framework (MTSF 2019-2024) - Outcome 8, Priority 5
- Comprehensive Plan for the Development of Sustainable Human Settlements: Breaking New Ground (BNG) (2004)
- Social Housing Policy (2005)
- National Housing Code (2009)
- Youth Policy 2015-2020, National Youth Policy 2030 under development
- White paper on the rights of Persons with Disabilities (2016)
- National Treasury Framework for Infrastructure Delivery and Procurement Management (Instruction No.3 of 2019/20)
- Municipal Integrated Development Plans

## The Social Housing Act, No 16 of 2008

The purpose of the Social Housing Act is to:

- establish and promote a sustainable social housing environment;
- define the functions of national, provincial and local governments in respect of social housing;
- provide for the establishment of the SHRA in order to regulate all Social Housing Institutions (SHI) obtaining or having obtained public funds; and
- allow for the undertaking of approved projects by SHIs and other delivery agents with the benefit of public money to give statutory recognition to SHIs.

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 definition of functions of national, provincial and local governments in respect of social housing.
- The establishment of the SHRA to promote, regulate and guide the investment of public money in the social housing sector.
- Statutory recognition and regulation of SHIs.
- The creation of restructuring zones



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”.

A social housing institution 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:

- 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.
- 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**

The functions of the SHRA are as follows:

- Promote the development and awareness of social housing as well as 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 social housing institutions / other delivery agents and assist and where requested in the designation to support provinces 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 social housing institutions through grants, enabling them to develop institutional capacity, gain accreditation as social housing institutions and submit viable project applications.
- Accredite institutions meeting the criteria for social housing institutions and maintain a register of such institutions.

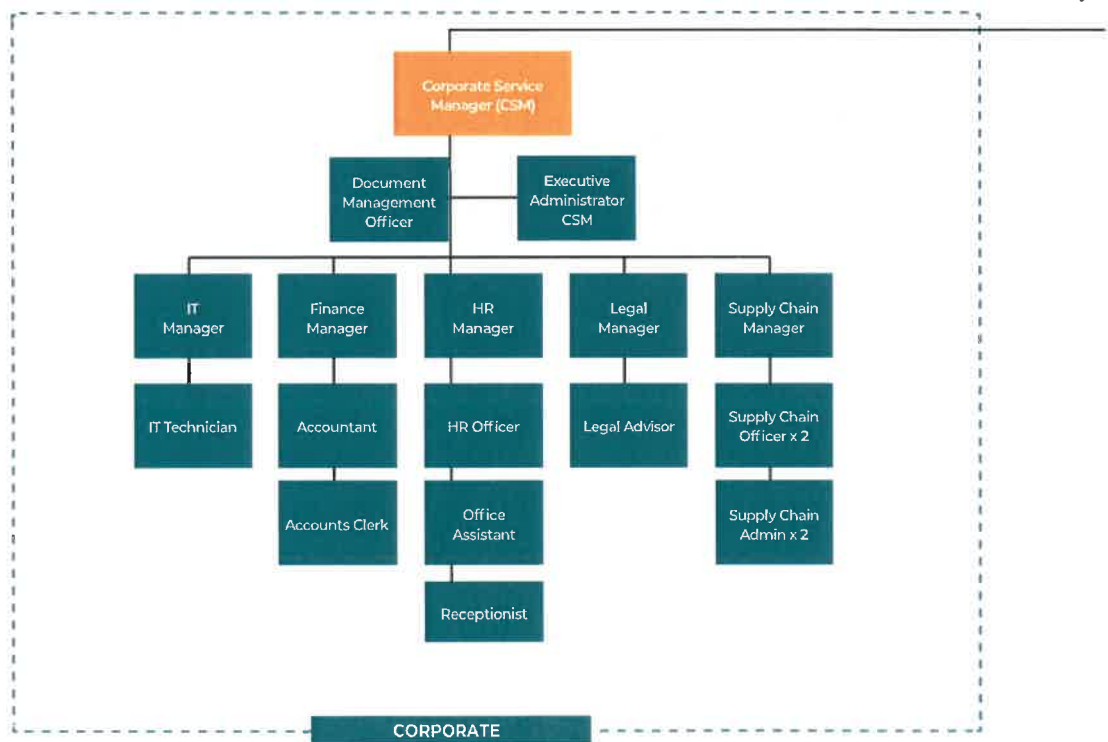
- Conduct compliance monitoring through regular inspections and enforce compliance where necessary
- Intervene in the affairs of social housing institutions in cases of maladministration.
- Approve, administer and disburse institutional investment grants and capital grants.

**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. The changes were as follows:

- Lower income bracket moves from R1 500 – R3 500 per month to R1 500 – R5 500 per month.
- Secondary income bracket moves from R3 500 – R7 500 per month to R5 500 – R15 000 per month.
- The Restructuring Capital Grant quantum increases from R125 615 per unit to R155 000 per unit.

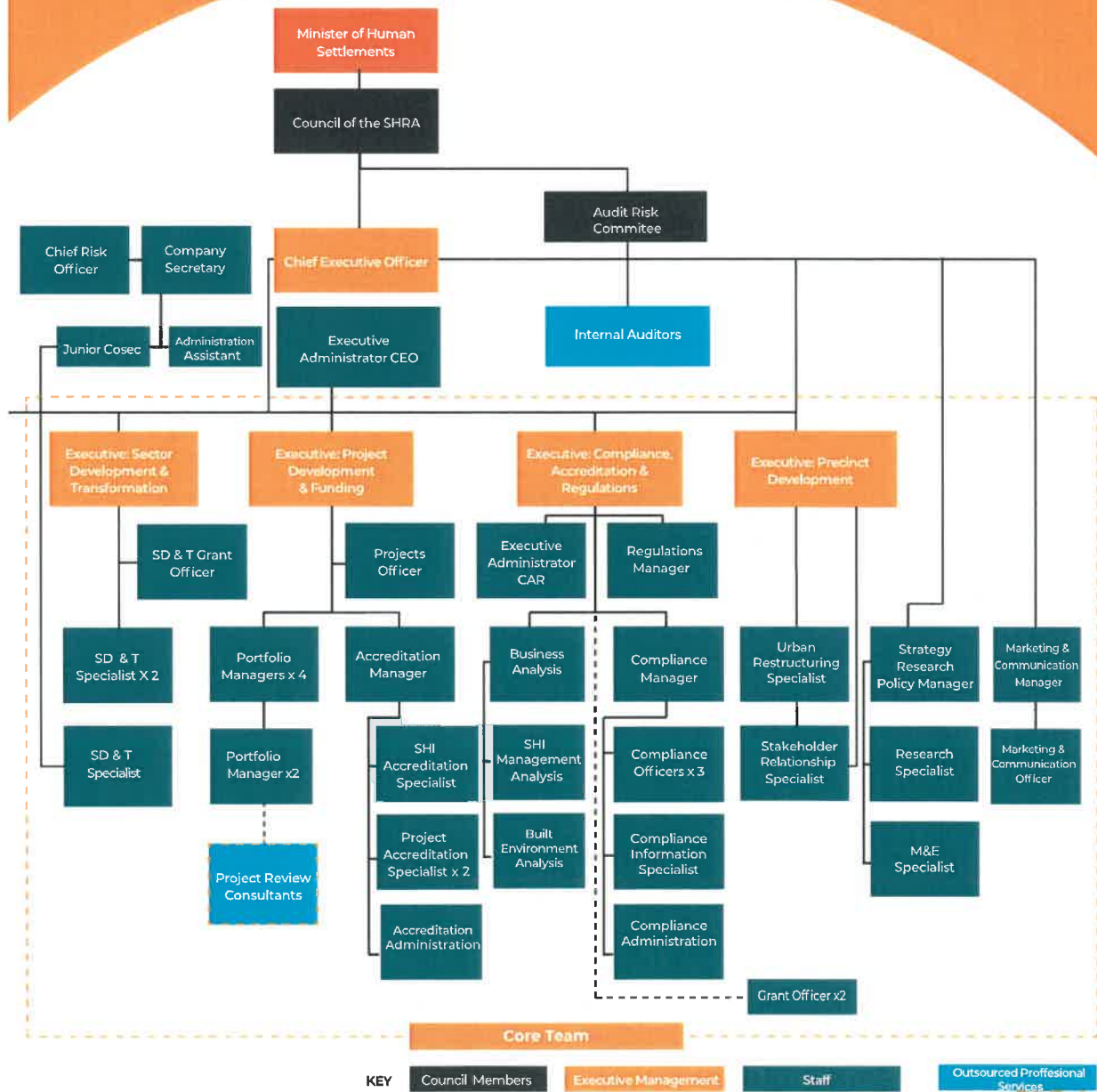
Subsequent adjustments made to the income bands gazetted on 8 April 2022 have shifted both the income band definition of primary market beneficiaries being households earning between R1 850 and R6 700 gross monthly household income and the secondary target market has been extended to those earning above R6 700 up to R22 000 per months. These changes, accompanied by an increase in the Consolidated Capital Grant Quantum to R328 687 per unit, will be implemented in the subsequent period.



**Figure 1: SHRA's structure for 2021/22**

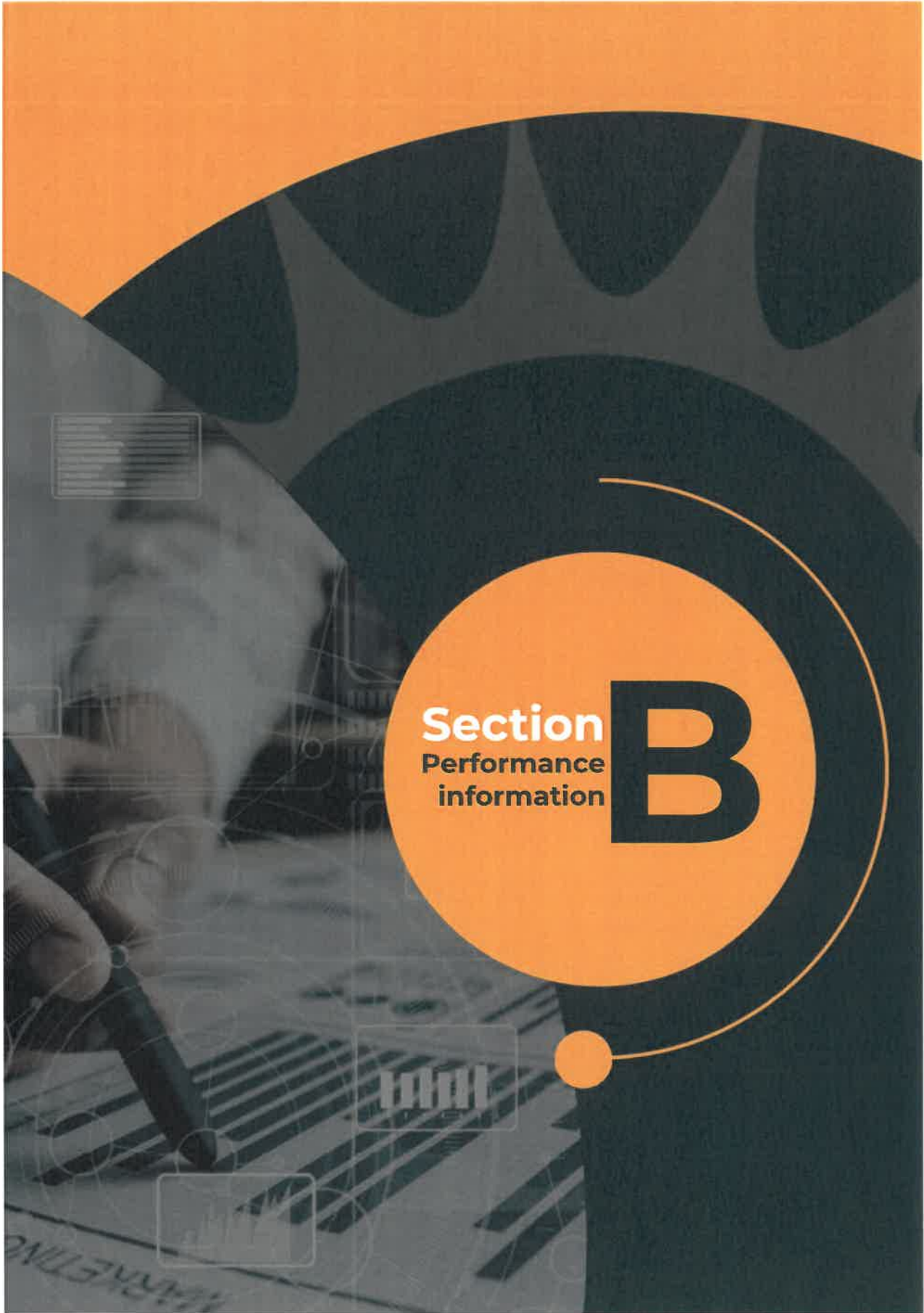
## Structure of the entity

Below is the structure of the entity, as of 31 March 2022. SHRA had a staff complement of 56, the vacancy rate, excluding the temporary staff members, was at 19.64%, which translates into 11 vacant positions. This compares with the vacancy rate of 22.64% at the same time last financial year. However, due to several unfunded positions and the pending organisational design project, not all vacancies are being recruited for. Changes to the structure will be implemented in the subsequent period.









**Section**  
Performance  
information

**B**

## SECTION B: PERFORMANCE INFORMATION

### Progress towards Achievements of Institutional Outcomes

The SHRA is entrusted with an important responsibility of creating an enabling social housing environment and dignity of South Africans, through investment, regulation and support to sector stakeholders. The social housing programme has the potential to make a meaningful impact towards improving the lives of the people of South Africa, through the provision of quality, affordable social housing in locations that support spatial integration and transformation.

During the period under review the SHRA saw a change in leadership as the SHRA Council was reconstituted and appointed in November 2021 and efforts to recruit a CEO to support the SHRA's strategy and its intended outcomes was initiated.

At the end of the reporting period, there were 90 accredited institutions on the SHRA Accreditation Register, eight (8) of which are fully accredited, and eighty two are conditionally accredited, against the five-year target of twelve (12) fully accredited institutions. Thirty-six (36) Social Housing Institutions have stock under management or approved projects and seventeen (17) have projects registered on the pipeline. At present there is an over concentration of social housing institutions in Gauteng and KwaZulu Natal which account for 72% of all accredited institutions.

Aspiring entrants have expressed challenges when in applying for institutional accreditation, due to the lengthy process in obtaining accreditation and the availability of securing land for their first social housing project.

The SHRA has shifted to a more proactive approach to accelerate the pace and scale of delivery by assisting stakeholders in packaging projects reviewing of the procedures and requirements to register a project in the pipeline. This would also include support mechanisms to facilitate projects in the pipeline and increased stakeholder participation in the delivery of social housing. Collaboration with other Human Settlements entities as the Housing Development Agency seeks to overcome such limitations through a proactive approach in providing project opportunities.

Housing demand has continued to increase as household size has reduced and urbanisation has accelerated. Estimated demand of 320 000 social housing units has increased however the scale and rate of current delivery has made marginal headway at addressing this growing demand. Delivery for the period under review was 2 771, which was a 49% increase from the 1 856 units completed in the prior year.

Cumulative delivery of units over the period 2019 – 2022 to 7 637 units or 42% of the 18 000-unit target. Over 80% of the three-year delivery came from two provinces being, Gauteng (4 816 units) and Western Cape (1 232 units).

To achieve the MTSF target on time would require a minimum of 5 164 units must be completed per annum. The SHRA currently has sufficient contracts awards to meet the delivery, emphasis needs to be placed on working with provinces, local authorities, and debt funders to unlock projects beyond planning stages.

The inclusion of six (6) Social Housing projects in the Infrastructure Fund and additional R305 million for the Social Housing Programme with the Budget Facility for Infrastructure (BFI) was approved over the MTEF will aid in these projects to break ground.

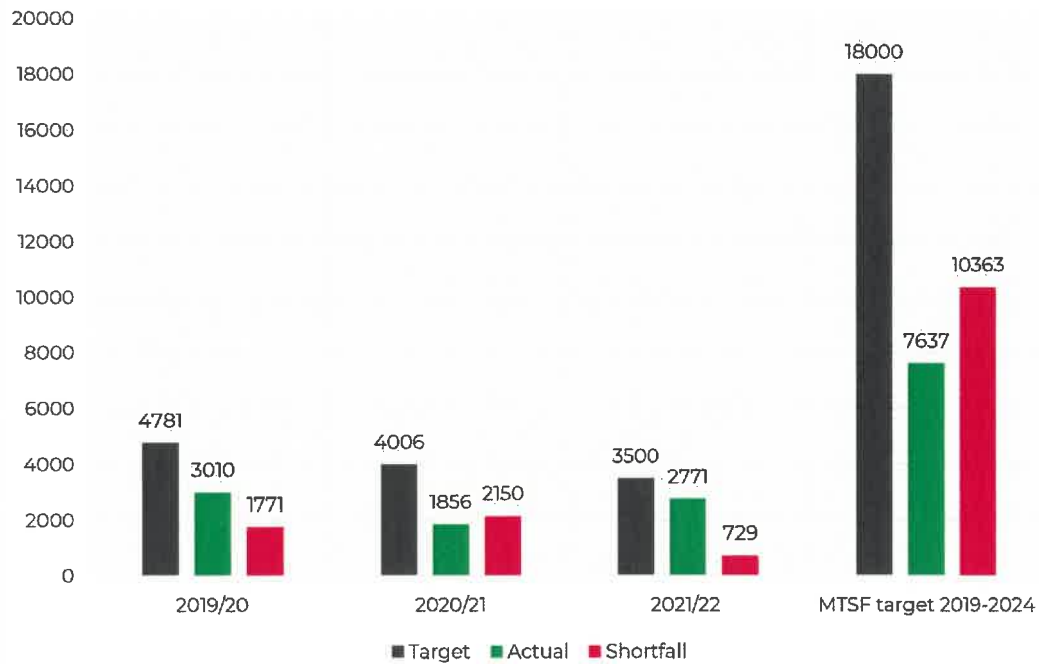
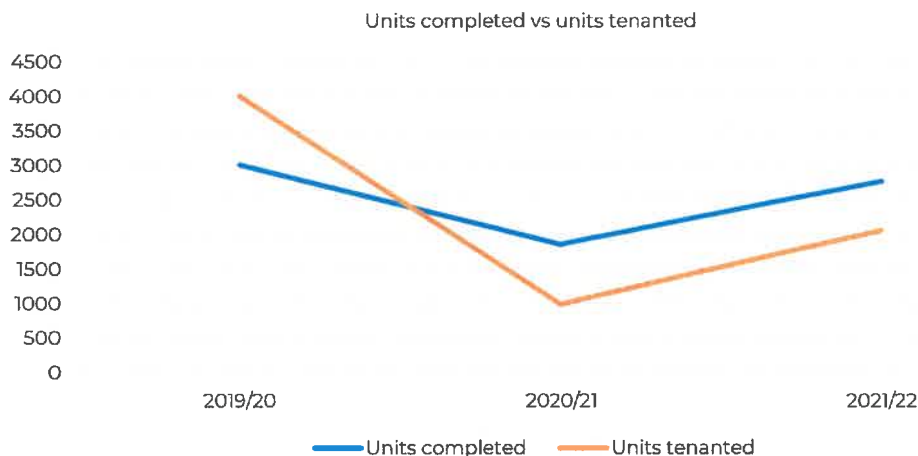


Figure 2: Unit completion against targets (2019-2022)

Table 1: Units completed vs units tenanted 2019/20 – 2021/22 by Province

Province	MTSF Target	2019/20 Completed	2019/20 Tenanted	2020/21 Completed	2020/21 Tenanted	2021/22 Completed	2021/22 Tenanted	TOTAL Completed	Total Tenanted
Eastern Cape	1296	452	379	385	243	0	178	837	800
Free State	1296	0	0	0	0	0	0	0	0
Gauteng	6606	2140	2659	1049	456	1771	1480	4960	4595
KwaZulu Natal	2052	0	430	0	0	0	0	0	430
Limpopo	720	0	0	164	0	330	0	494	0
Mpumalanga	1026	114	114	0	0	0	0	114	144
Northern Cape	360	0	0	0	0	0	0	0	0
North West	1908	0	362	0	0	0	0	0	362
Western Cape	2736	304	68	258	286	670	399	1232	753
<b>Total</b>	<b>18000</b>	<b>3010</b>	<b>4012</b>	<b>1856</b>	<b>985</b>	<b>2771</b>	<b>2057</b>	<b>7637</b>	<b>7054</b>





**Figure 3: Units completion vs units tenanted 2019/20-2021/22**

In relation to the tenanting of completed units, 2 057 units have been tenanted against the target of 4 000. The negative variance was caused by households who may have suffered job losses and affordability constraints. Potential tenants that would have qualified for taking up tenanting ended up requesting deposits to be refunded and some had different priorities because of the change in circumstance. Furthermore, the timeous issue of occupation certificates has also resulted in a slow turn-around time between unit completion and unit tenanting. On a three-year basis there were a total of 7 054 units tenanted between 2019 and 2022.

The pipeline of projects, yet to receive a capital grant award, is continuously updated and reviewed based on project readiness. Registering on the project pipeline would allow for the consideration of project support interventions. At the end of the period there was a total of 72 projects with a potential yield of an additional 41 009 units. Thirty-one (31) projects are projects that were submitted by private sector delivery agents and the remaining forty-one (41) projects were submitted by accredited Social Housing Institutions.

The total number of units under management by institutions that have received public funding has increased to 42 533 units from 40 628 units in 2020/21. The increase of 1 905 units under regulation correlates with the number of completions recorded from the prior year.

A direct consequence of the COVID-19 pandemic and the resulting lockdown has been the immediate loss of income experienced by many, which has led to an increase in the number of people unable to meet rental and/or bond repayments and having to find refuge with family or friends. This created additional pressure along the property and construction value chains with developers finding themselves cash-strapped and facing fewer options to access finance. Property owners have also carried the brunt of the consequences through missed rental payments, and a substantial drop in demand for rental space.

Sector performance has also been adversely impacted. The build-up of rental arrears and bad debts along with escalating costs in a rising interest environment will place additional pressure on the long-term sustainability of several social housing institutions.

This has also contributed to the non-achievement of performance benchmarks in relation to vacancies (less than 5%), rental collections (greater than 90%), debtors' balances as a percentage of revenue (less than 5%, if greater than 20% regulatory enforcement), operating costs (between R1800 and R2300 per unit per month) and servicing of debt obligation (a target debt service cover ratio of greater than 1.3 times). More than half of the institutions were unable to meet at least three of the above performance benchmarks. Debtors' balances beyond 120 days have increased beyond R500m for all institutions with stock under management.

As part of the SHRA's compliance monitoring efforts 4 532 tenancy audits were completed across fourteen (14) projects, a tenant satisfaction survey was piloted for eleven (11) projects and 1 218 respondents, and twenty-two (22) safety and security audits were done in the period under review. The results of these have been used to inform and strengthen interventions and remedial action plans.

There has been a significant slowdown in the delivery of social housing units following the imposition of the level 5 lockdown in March 2020, when construction ground to a halt for most of the first quarter of the 2020/21 financial year. As lockdown levels were eased and construction commenced, the sector has continued to face many challenges that have affected delivery. The global material supply chain has experienced major shortages due to the varying lockdown conditions in countries across the world. Lockdown conditions have also resulted in labour shortages and contractual challenges that the SHRA has had to deal with. The resultant slow delivery has meant a dip in the number of units completed.

At present, a total of nine (9) emerging institutions are receiving incubation support through the institutional investment grant over the past two years. Over the same period, one SHI advanced to project construction and three (3) have registered projects into the pipeline. The remaining five (5) SHIs still face the challenge of not being able to access land to pursue project opportunities.

During the period under review, the Sector Development and Transformation team focused on building and formalising stakeholder partnerships, including in the context of the implementation of the incubation project and municipal support project. Training, best practice and awareness sessions also continued with gender mainstreaming initiatives — including work on Gender-Based Violence (GBV) in social housing — established and to be implemented in the next financial year.

The 2021/22 training programme covering a wide range of topics in relation to the programme, saw over 1 201 participants enlisted for the period under review of which 572 of attendees were female, 395 youth and 11 were persons living with disabilities. Various awareness sessions were also held focussing on designated groups to ensure their participation in the future social housing development. The existing body of knowledge and information has been formally constituted into materials and toolkits and such unpacked for broader audiences.

The Municipal Support Programme has been done in conjunction with the National Association of Social Housing Organisations (NASHO) which commenced in 2020. Municipalities play a vital role in availing the land parcels and acquiring the restructuring zones within their respective municipalities which makes it possible for the projects to be approved within their space and accommodating their communities.

The 10 Municipalities that are supported through the Municipal Support Programme include City of Tshwane, George Municipality, Drakenstein Municipality, Kouga Municipality, Mangaung Metropolitan Municipality, Newcastle Municipality, Madibeng Municipality, Stellenbosch Municipality, Sol Plaatje Municipality and UMhlathuze Municipality. Other Municipalities are supported outside of the formal support programme which includes Maluti-A-Phofung and Buffalo City Metropolitan with development of their Rental Housing Strategies.

Provincial assistance was also provided through the commissioning of market demand studies on behalf of the KwaZulu-Natal Department of Human Settlements, Northwest Department of Human Settlements, Northern Cape Department of Human Settlements, Eastern Cape Department of Human Settlements and Gauteng Department of Human Settlements (West Rand Region).

Transformation remains a cornerstone of the SHRA's efforts to facilitate inclusive growth and is embedded across each of its programmes. The SHRA spent 81% of its budget on majority black-owned businesses and 93 % of the capital grant awards were also made to majority black-owned and controlled businesses.

Work with the Property Sector Charter Council towards a standardised approach at measuring transformation for participants in the Social Housing sector via the Amended Property Sector Codes has been reinitiated, a recommendation to the Department of Trade, Industry and Competition is planned for the 2022/23 year.



## Institutional Programme Performance Information

The SHRA is made up of four programmes to deliver its mandate.

**Purpose of Programme 1:** Administration is to:

“To provide enterprise-wide needed support services based on specialised knowledge, best practices and technology to serve internal and external business interests.”

The Programme comprises two sub-programmes.

1. Sub-programme 1A: Corporate Services; and
2. Sub-programme 1B: Office of the CEO.

**Purpose of Programme 2:** Compliance, Accreditation and Regulation is to ensure the social housing sector is effectively regulated by:

1. Monitoring and enforcing compliance to the SHA and its regulations, and other related policies in order to protect the public’s investment in social housing and to ensure that the beneficiaries of social housing receive good quality, fair and equitable tenant and property management services.
2. Accrediting social housing institutions and projects of SHIs and ODAs in support of the delivery of the social housing mandate in a quality, sustainable and transformative manner.
3. Regularising all subsidised rental housing stock in terms of the SHA (2008), under the SHRA as the Regulatory Authority; and
4. Administering of the Residential Rental Relief Fund.

**Purpose of Programme 3:** Sector Development and Transformation is:

1. To promote the growth and development of the social housing sector through sector insights that inform, inter alia, product development and investment decisions; to capacitate and support SHIs and ODAs to be sustainable and deliver effectively; to capacitate local and provincial spheres of government in the Social Housing Programme; and to coordinate and manage the institutional investment grants.

**Purpose of Programme 4:** Project Development and Funding is to:

1. Facilitate the delivery of social housing units through the optimal investment and management of the consolidated capital grant, effective deal-making, partnerships management and transformation of the construction sector.

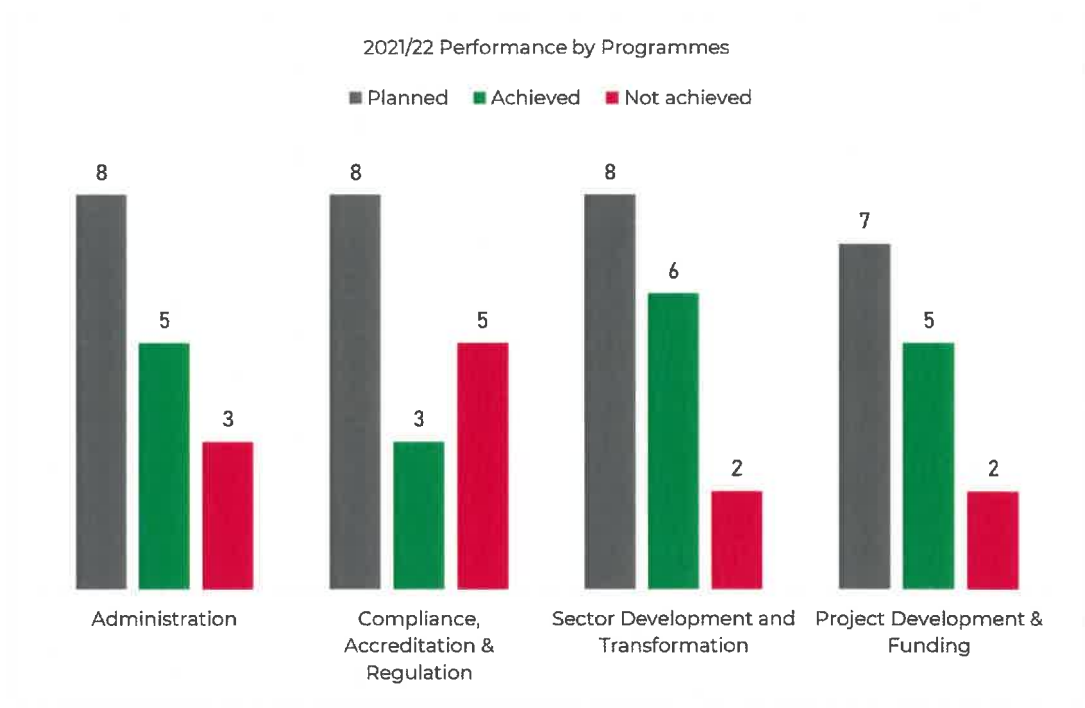
**Table 2: Programme Description**

PROGRAMME	SUB PROGRAMME	CORE FUNCTIONS
Programme 1	Administration - Corporate Services	<ul style="list-style-type: none"> <li>▪ Provides administrative support to the entire organization.</li> <li>▪ Finance and</li> <li>▪ Supply Chain Management</li> <li>▪ Legal</li> <li>▪ Corporate Governance</li> <li>▪ Risk Management</li> <li>▪ Human Resource Management</li> <li>▪ Information Technology and Information Management</li> </ul>
	Administration - Office of the CEO	<ul style="list-style-type: none"> <li>▪ Strategic Planning, Policy, and Research</li> <li>▪ Performance Information, Monitoring and Evaluation</li> <li>▪ Stakeholder Management Marketing and Communications and Public relations</li> </ul>
Programme 2	Compliance, Accreditation and Regulation	<ul style="list-style-type: none"> <li>▪ Regulation of social housing</li> <li>▪ Accreditation of SHIs and projects</li> <li>▪ Compliance monitoring of institutional performance</li> <li>▪ Administration of the Rent Relief Fund</li> </ul>
Programme 3	Sector Development and Transformation	<ul style="list-style-type: none"> <li>▪ Promote the growth and development of the social housing sector</li> <li>▪ Promote the growth and development of social housing institutions and delivery agents</li> <li>▪ Coordination and Management of Institutional Investment Grants</li> <li>▪ Sector transformation and empowerment</li> </ul>
Programme 4	Project Development and Funding	<ul style="list-style-type: none"> <li>▪ Provide project facilitation</li> <li>▪ Capital grant contract management and administration (Project Implementation Management)</li> <li>▪ Building and maintaining partnerships, with provinces and municipalities, government departments, funding agencies and private sector participants</li> </ul>

The SHRA's overall performance was 61%, for the 2021/22 year, a reduction from the 71% achievement in 2020/21. Regular monitoring of in-year performance and improvement plans to increase levels of performance are being implemented.

Out of the 31 planned targets for the period under review, nineteen (19) were achieved and twelve (12) were not achieved. Programme 1 (Admin) achieved 5 out of the 8 planned targets, Programme 2 (CAR) achieved three (3) out eight (8) planned targets, Programme 3 (SD&T) achieved 6 out of 8 planned targets. Programme 4 (PD&F) achieved five (5) out of (7) planned targets.





**Figure 4: Overall Performance for 2021/22 by Programme**



### Performance Against Predetermined Objectives

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
<b>PROGRAMME 1: ADMINISTRATION</b>								
Outcome 1: Functional, efficient and integrated government	1.1. Internal Audit Services	1.1.1. Percentage implementation of the approved Internal Audit Plan	New indicator	100% implementation of the Internal Audit Plan	100% implementation of the approved Internal Audit Plan	85% implementation of the approved Internal Audit Plan	Negative variance of 18%.	As a result of the transitional arrangements due to the change in the service provider of the outsourced internal audit services function, certain planned activities were not performed in line with the initial internal audit plan and other internal audit reviews were performed by the new incumbent that were not part of the internal audit plan that led to the non-achievement of an 18% negative variance. This has been rectified with the appointment of an internal audit service provider that will be in place throughout the ensuing financial year ending 2022/23.

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
1.2. Statutory reporting compliance	1.2.1. Percentage compliance with statutory reporting requirements and prescripts	1.2.1. Percentage compliance with statutory reporting requirements and prescripts	New indicator	100% implementation of the Fraud Prevention Plan	100% compliance with statutory reporting requirements and prescripts	100% compliance with Statutory reporting requirements and prescripts	No variance	-
1.3. Anti-Fraud and Corruption	1.3.1. Percentage adherence to the Anti-Fraud and Corruption Policy	1.3.1. Percentage adherence to the Anti-Fraud and Corruption Policy	New indicator	100% implementation of the Risk Management Plan	100% adherence to the Anti-Fraud and Corruption Policy	100% adherence to the Anti-Fraud and Corruption Policy	No variance	-
1.4. Risk Management	1.4.1. Percentage implementation of the approved Risk Management Plan	1.4.1. Percentage implementation of the approved Risk Management Plan	-	-	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	No variance	-
1.5. Stakeholder Management and Communications	1.5.1. Percentage achievement of the stakeholder management and communications strategy annual implementation plan	1.5.1. Percentage achievement of the stakeholder management and communications strategy annual implementation plan	Indicator reframed	86.7% implementation of the annual stakeholder management plan	80% implementation of the annual stakeholder management plan	83.01% achievement of the stakeholder management and communications strategy annual implementation plan	Positive variance of 3.01%	The achievement was due to planned initiatives being successfully rolled out. These included media releases, interviews, driving the SHRA's digital and media campaign, conducting information sessions. Going forward the SHRA will continue to expand its

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
	1.6. Affordable rental housing policy framework	1.6.1. Affordable rental housing policy position developed	New indicator	New indicator	Affordable rental housing policy position developed	Affordable rental housing policy position developed but not approved by Council	Affordable rental housing policy position developed but not approved by Council	stakeholder and marketing drive.
Outcome 6: A transformed Social Housing Sector Value chain	6.1. Preferential procurement	6.1.1. Percentage procurement spend to majority black-owned service providers	92.83% procurement spend to majority black-owned or controlled service providers	88% procurement spend to majority black-owned service providers (>50% black)	75% procurement spend to majority black-owned or controlled service providers	81% procurement spend to majority black-owned service providers	Positive variance of 6%	The draft Affordable rental housing policy framework has progressed, and a National led process has been initiated, further consultation with other entities is required prior to being endorsed by the Council. Focus placed on the Appointment of B-BBEE level 1 and 2 service providers has yielded positive results in terms of procurement spend towards designated groups to exceed operational expenditure.
	6.1.2. Percentage procurement spend on designated groups	6.1.2. Percentage procurement spend on designated groups	44.45% procurement spend on designated groups	38% procurement spend on designated groups	40% procurement spend on designated groups	38% procurement spend on designated groups	Negative variance of 2%	Procurement spend in terms of designated groups in aggregate have remained consistent year on year. Majority of the actual



Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
								negative achievement arose from women owned enterprises. Procurement sourcing strategies will be developed in the ensuing year.

**PROGRAMME 2: COMPLIANCE, ACCREDITATION AND REGULATION (CAR)**

Outcome 5: An effectively regulated and sustainable social housing sector	5.1. SHI and ODA performance monitoring	5.1.1. Percentage of reporting SHIs and ODAs achieving 3 or more performance benchmarks	61.5% (16/28) of reporting SHIs and ODAs meeting 3 or more out of 5 of the primary performance benchmarks	50% (15/30) of reporting SHIs and ODAs meeting 3 or more out of 5 of the primary performance benchmarks	61% of reporting SHIs and ODAs meeting 3 or more performance benchmarks	43.75% (14 out of 32) of reporting SHIs and ODAs achieved 3 or more performance benchmarks	Negative variance of 17.25%	The reporting benchmarks include metrics such as rent collections, vacancy rates, cost to income ratio.  In terms of rental collections 47% of the institutions had rent collections lower than 90%.  Vacancies are becoming a structural problem with considerable financial implications. Sixteen (16) or 50% of the entities have a vacancy rate greater than 5%
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Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
								Externalities have jeopardised the sustainability of social housing institutions and delivery agents.
								Improvements to the Residential Rent Relief framework would allow institutions that are in financial distress and have suffered losses and experience sustainability challenges due to external factors despite, having done everything in their power to stay afloat.
								Work towards a sector wide coordinated approach to dealing with rental boycotts has commenced.
								There were no entities that progressed from conditionally to fully
5.2. Accreditation of SHIs	5.2.1. Number of additional fully accredited SHIs	New indicator	New indicator	New indicator	2 additional fully accredited SHIs	0 additional fully accredited SHIs	A negative variance of 2	

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
								<p>accredited status over the period.</p> <p>It was found that greater training and familiarity in understanding the social housing programme and the process of accreditation.</p> <p>Applicants, particularly designated groups, struggle to access land, to develop and manage a project which is a requirement for full accreditation.</p> <p>A review of the accreditation processes and interventions to improve on the incubation of applicants.</p> <p>Partnerships through joint implementation with the Housing Development</p>

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
		5.2.2. Number of additional conditionally accredited SHIs with accredited projects	-	New indicator	5 additional conditionally accredited SHIs with accredited projects	Additional conditionally accredited SHIs with accredited projects		Agency (HDA) is intended to assist conditionally accredited SHIs struggling to obtain land to develop their first social housing project.
							A negative variance of 4.	Only one conditionally accredited SHI project (Siyankhela Imizi) was accredited.  Projects have been mainly approved during the year by other delivery agents.  The SHRA observed a reduction in projects submitted for accreditation during this reporting period.  It is SHRA opinion that applicants have been holding back their project applications pending the application of

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
5.3. Tenancy compliance and satisfaction monitoring	5.3.1. Number of subsidised housing units' tenancy audits conducted	5.3.1. Number of subsidised housing units' tenancy audits conducted	3 406 subsidised housing units' tenancy audits conducted	1 650 subsidised housing units' tenancy audits conducted	3 300 subsidised housing units' tenancy audits conducted			pending adjustments to the grant quantum and income bands.  The Accreditation unit will in the next financial year, use a proactive approach to attract and improve on the chances of conditionally accredited institutions to progress towards full accreditation.
						4 532 subsidised housing units' tenancy audits conducted	Positive variance of 1 232 units	Overachievement was a result of advanced planning. A total of fourteen (14) projects and 4 532 tenancy audits were conducted. This was 1 232 more than the annual target.
		5.3.2. Number of subsidised housing projects' tenant satisfaction	-	New indicator	10 subsidised housing projects' tenant satisfaction surveys conducted	11 subsidised housing projects' tenant satisfaction surveys conducted	Positive variance of 1.	A total of 26 projects were identified as part of the survey pilot. Poor response rates resulted in only 11 projects being

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
		surveys conducted			audits conducted			considered as part of the reported achievement.
	5.4. Safety and security of tenants	5.4.1. Number of subsidised housing projects' safety and security audits conducted	4 Institutional Housing Subsidy projects brought under regulation	New indicator	15 subsidised housing projects' safety and security audits conducted	22 subsidised housing projects' safety and security audits have been conducted	Positive variance of 7	Going forward the SHRA will assess the process and applicability of the findings to guide best practice towards achieving the regulatory require for good tenant management practice. Early initiation with the safety and security audits allowed 7 additional projects to be included in the year.  The identified findings will continue to inform the remedial actions and/or intervention to be planned and implemented.
Outcome 6: A transformed social housing	6.2. Preferential accreditation of capital grant applicants	6.2.1. Percentage of new project accreditation applicants that	-	New indicator baseline = 68%	85% of new project accreditation applicants that	85% of new project accreditation applicants that	A negative variance of 5%	Project accreditation applicants are now required to submit transformation plans

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
sector value chain		are black majority owned or controlled			are black majority owned or controlled	are black majority owned or controlled		addressing their current transformation profiles.  The Inclusive Growth policy approved in January 2022 guides on how each programme should contribute towards meeting this objective.
		6.2.2. Percentage of new project accreditation applicants that are majority owned or controlled by the designated groups	New indicator	New indicator	40% of new project accreditation applicants that are majority owned or controlled by the designated groups	40% of new project accreditation applicants that are majority owned or controlled by the designated groups	Negative variance of 12%	Project accreditation applications have mostly come from entities that have limited majority representation by women, youth, people with disabilities.  Some of the challenges faced by the available of the institutions bringing projects by designated groups arises because of access to land and finance.

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
								Measures to open opportunities for designated groups to access land and finance including the submission of transformation plans addressing changes their transformation profiles to improve chances of project success and achievement of the target have been identified and will be actioned.

**PROGRAMME 3: SECTOR DEVELOPMENT AND TRAINING (SD&T)**

Outcome 3: Enhanced performance of delivery agents and projects	3.1. Customised Incubation programme	3.1.1. Number of incubation programme participants receiving project accreditation	New Indicator (Pilot) Incubation Programme with 10 x SHIs		2 incubation programme participants receiving project accreditation	0 incubation programme participants receiving project accreditation	Negative variance of 2 programme participants having received accreditation.	This was due to no project in from any of the participants in the multi-year programme not being ready for accreditation.  A review of the accreditation approach and support needed has been put in place to improve the success rate of the
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Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
	3.2. Institutional Investment Grant (IIG) Programme	3.2.1. Percentage achievement of the SHI intervention plan	100% (2/2) of identified SHIs that received an IIG, of which the intervention is completed within the current financial year, at minimum, maintained their level of accreditation	75% of identified SHIs that received an IIG, of which the intervention is completed within the current financial year, at minimum, maintained their level of accreditation	75% achievement of the SHI intervention plan	100% achievement of the SHI intervention plan	Positive variance of 25%	incubation programme.  Two of the identified interventions have been successfully implemented resulting in the maintenance of the accreditation level.
		3.2.2. Percentage achievement of the social housing projects' intervention plan	New indicator	New indicator	75% achievement of the social housing projects' intervention plan	0% of the social housing projects' intervention plan	Negative variance of 75%	No project has reached readiness for accreditation.  The time taken from identification, implementation of the interventions can span over multiple years.  Going forward a review of the processes and institutional investment support is required.

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
<b>Outcome 4:</b> Increased capacity of municipalities and provinces to deliver social housing	4.1. Provincial capacitation	4.1.1. Number of provinces that achieve at least 80% of the criteria for supporting a functional Social Housing Programme	-	-	7 provinces that achieve at least 80% of the criteria for supporting a functional Social Housing Programme	7 provinces that achieve at least 80% of the criteria for supporting a functional Social Housing Programme	No variance	-
	4.2. Municipal support programme	4.2.1. Number of municipalities in the municipal support programme accredited	-	-	2 projects from municipalities in the municipal support programme accredited	2 projects from municipalities in the municipal support programme accredited	No variance	-
	<b>Outcome 6:</b> A transformed social housing sector value chain	6.3. Preferential spend of the Institutional Investment Grant (IIG)	6.3.1. Percentage of Institutional Investment Grant (IIG) recipients that are majority black-owned or controlled	-	-	85% of IIG recipients that are majority black-owned or controlled	94% of Institutional Investment Grant (IIG) recipients that are majority black-owned or controlled	Positive variance of 9%,
6.3.2. Percentage of Institutional Investment Grant (IIG) recipients that are from the designated groups		6.3.2. Percentage of Institutional Investment Grant (IIG) recipients that are from the designated groups	-	-	40% of Institutional Investment Grant (IIG) recipients that are from the designated groups	48% of Institutional Investment Grant (IIG) recipients that are from the designated groups	Positive variance of 8%.	A total of 131 executive and non-executive board members across all the 31 IIG recipients. Out of these recipients, a total of

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
								61 executive and non-executive board members are classified as a being from the designated group made up of 39 women, 22 youth and one 1 Military Veteran.
		6.3.3. Percentage of participants in the incubation programme that are women or youth owned or controlled	-	-	33% (2/6) of participants in the incubation programme that are women or youth owned or controlled	77% of participants in the incubation programme are women or youth-owned or controlled	Positive variance of 44%.	Out of a total of 9 Incubation Participants that was made up of Social Housing Institutions (not for profit), seven (7) institutions had controlling interests by board members that were controlled by women and/or youth.
<b>PROGRAMME 4: PROJECT DEVELOPMENT AND FUNDING (PD&amp;F)</b>	<b>Outcome 2:</b> Quality affordable social housing for rental delivered in strategically located areas	2.1. Delivery of Social housing units completed	3 010 social housing units completed	1 856 social housing units completed	3 500 social housing units completed	2 771 social housing units completed	Negative variance of 729 units	This is due to majority of projects are stuck at planning due to a myriad of reasons not limited to statutory approvals and largely securing debt funding. The PD&F unit in the next

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
		2.1.2. Number of social housing units tenanted	4 012 social housing units delivered	985 social housing units delivered	4 000 social housing units Tenanted	1 067 social housing units tenanted	Negative variance of 1 943 units	financial year will work closely with municipalities and grant recipients to fast-track statutory approvals through the PSCs. The programme has also seen several interested financiers to provide debt and equity which will move projects from planning to break ground and commence with construction. This is due to the challenges faced by the programme are that there are units to be tenanted however they are awaiting statutory approvals such as occupational certificates. Performance against approximately 1 500 of these units will be accounted for in the next financial year. Over and above this, with the country opening

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
								economically, job creation and economic activity will allow take up of units by prospective qualifying tenants.
	2.2. Expenditure of the Consolidated Capital Grant (CCG)	2.2.1. Percentage of expenditure of the approved annual Consolidated Capital Grant cash flow projection	Indicator reframed	81% expenditure of the approved annual Consolidated Capital Grant cashflow projection	95% expenditure of the approved annual Consolidated Capital Grant cashflow projection	97% expenditure of the approved annual Consolidated Capital Grant cash flow projection	Positive variance of 2%	This was due to 2 contributing factors. Firstly, portfolio managers play an integral role in administering the disbursements of CCG milestones. In addition to this, after the slump and impact of COVID 19 on construction sites, the disbursements are indicative of progress and recovery.
<b>Outcome 6: A transformed social housing sector value chain</b>	6.4. Preferential award and spend of the Consolidated Capital Grant (CCG)	6.4.1. Percentage of CCG awarded to black majority owned or controlled enterprises	95.45% of CCG awarded to black majority-owned or controlled enterprises	54% of CCG awarded to black majority owned / controlled enterprises	75% of CCG awarded to black majority-owned or controlled enterprises	93.68% of CCG awarded to black majority owned or controlled enterprises	Positive variance of 18.68%.	The Project Development and Funding unit has in assessing projects on the pipeline pursued applicants to ensure transparent information. However, the SHRA must exercise caution with the

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
								recent High Court outcome regarding Government's procurement on B-BBEE procurement requirements.
		6.4.2. Percentage spent by grant recipients on black owned main contractors and professional teams	New indicator	New indicator	50% spent by grant recipients on black owned main contractors and professional teams	78.98% of project value spent by grant recipients on black majority owned main contractors and professional teams	Positive variance of 28.98%	The portfolio managers play an active oversight role in the appointment of Contractors and Professional Teams to ensuring CIDB grading Transformation, job creating in the value chain.
		6.4.3. Percentage of CCG awarded to enterprises that are majority owned or controlled by the designated groups	New indicator	New indicator	30% of CCG awarded to enterprises that are majority owned or controlled by the designated groups	57.76% of CCG awarded to enterprises that are majority owned or controlled by the designated groups	Positive variance of 27.76%	The Project Development and Funding unit had assessed projects on the pipeline and pursued applicants to ensure that the designated group is part of the applicant's ownership and management structure.
		6.4.4. Percentage spent by grant recipients on	New indicator	New indicator	20% spent by grant recipients on main contractors and	23.19% spent by grant recipients on main contractors and	Positive variance of 3.19%	The portfolio managers played an active oversight role in the appointment

Outcome	Output	Output Indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned targets to Actual achievement 2021/22	Reasons for Deviations
		main contractors and professional teams that are from the designated groups			professional teams that are from the designated groups	professional teams that are from the designated groups		of Contractors and Professional Teams to ensuring CIDB grading and transformation.

## Linking Performance with Budgets

Programme	FY2022/21 (R'000)			FY2021/20 (R'000)		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Programme 1: Administration	60 848	73 376	- 12 528	58 204	66 986	- 8 782
Programme 2: Compliance, Accreditation and Regulation	9 400	4 237	5 163	11 141	9 644	1 497
Programme 3: Sector Development and Transformation	22 725	9 121	13 604	22 428	10 539	11 889
Programme 4: Project Development and Funding	713 146	744 791	- 31 645	725 747	587 228	138 519
<b>Total Budget</b>	<b>806 119</b>	<b>831 524</b>	<b>- 25 405</b>	<b>817 520</b>	<b>674 397</b>	<b>143 123</b>

## Reporting on the Institutional Response to the COVID-19 Pandemic

**Table 3: Disbursement against the Residential Rent Relief Programme (RRRP)**

Geographic Location (Province)	No of Applications Received	No of Applications Approved	Total Disbursed in 2021/22 (R)
Gauteng	278	101	1 143 333
Western Cape	74	55	545 947
KwaZulu Natal	47	33	290 545
Eastern Cape	34	12	89 347
<b>TOTAL</b>	<b>433</b>	<b>201</b>	<b>2 069 172</b>

A total of 433 tenant applications were received from social housing institutions and processed between July 2021, and March 2022, where 201 applications were approved, 78 declined, while 154 were pending submission of information at the end of March 2022.

The most common reasons for poor take up and implementation shortcomings were due to:

The implementation date of the rent relief programme was fourteen (14) months post after the hard lockdown of March 2020. The implication for tenants and the sector was that most tenants that were affected had already absconded or terminated their lease agreement leaving high arrears and debts with their Social Housing landlords.

The initial limited period for qualification was short, while the impact of Covid-19 on tenants and social housing institutions was beyond the initial six (6) month period.

An overly stringent qualification criteria and assessment criteria for impacted tenants.

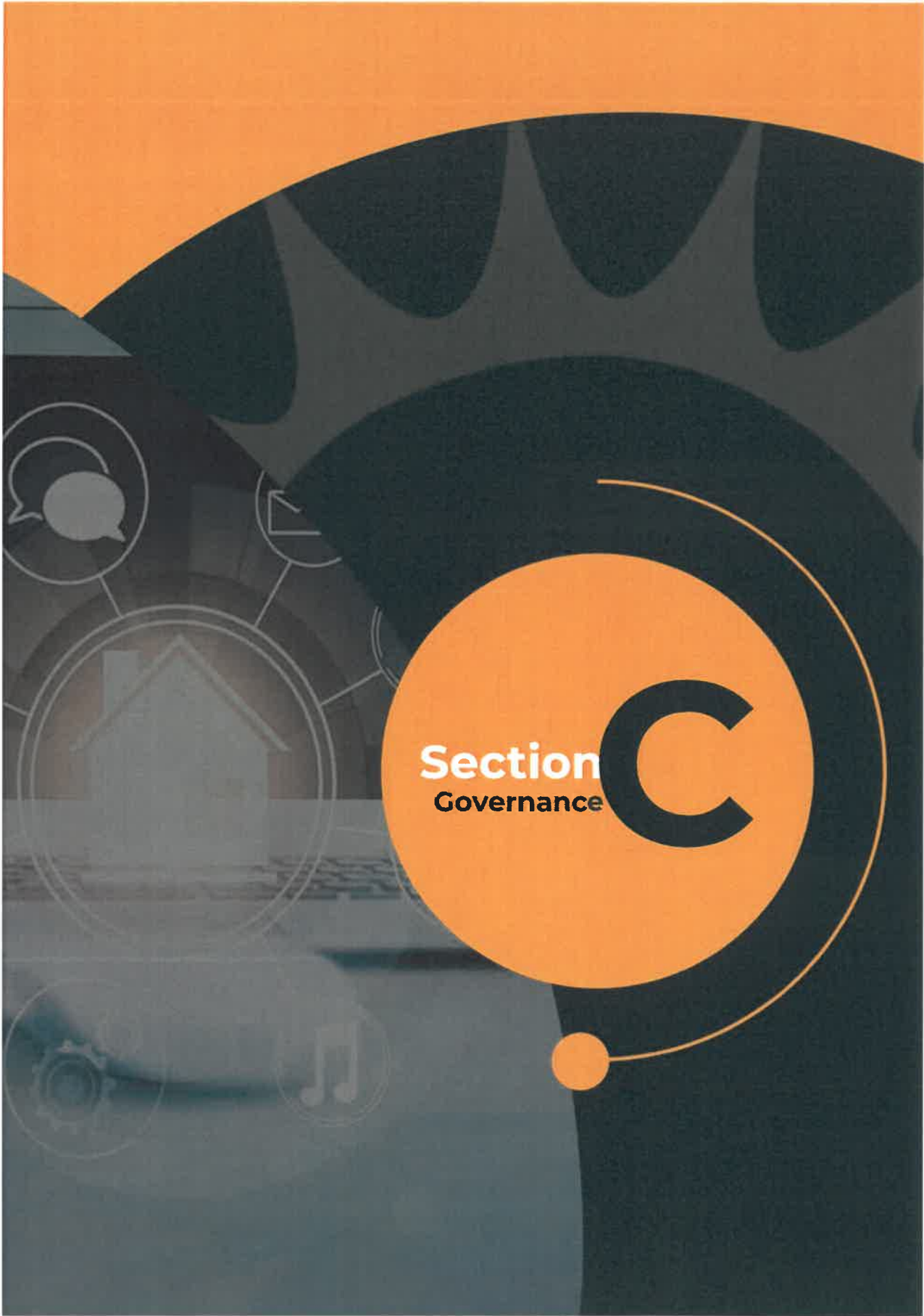
The administrative burden of the application process being placed on social housing institutions to collect the supporting documents from each qualifying tenant, as well as the challenges in tenants accessing historical supporting documents from employers and banks to support their application.





The implication of this low take-up of the rent relief programme is that Social Housing landlords have had exceptionally high arrears during the period, underperformed against SHRA's key performance indicators, and in most instances, SHIs have had to write off bad debts that are not recoverable. Tenants on the other hand, that found themselves in trouble during and post the pandemic have had negative credit scoring on their personal profile because of defaults and unpaid arrears.

Formal implementation of the Rent Relief Programme commenced in July 2021 when the SHRA opened for applications. The current approved policy framework and programme implementation ended on 31 March 2022 and any funds would be subject to the approval of the retention of cash surplus request by National Treasury.



**Section**  
**Governance**

**C**

## SECTION C: GOVERNANCE

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run-in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive Authority and the Board / Council of the public entity are responsible for corporate governance.

### Portfolio Committees

Parliament exercises its role through evaluating the performance of the public entity by interrogating their annual financial statements and other relevant documents which have to be tabled from time to time.

The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and the audit reports of the external auditor.

The Portfolio Committee exercises oversight over the service delivery performance of public entity and, as such, reviews the non-financial information contained in the annual reports of public entity and is concerned with service delivery and enhancing economic growth.

The SHRA Executive and Chairperson attended the Portfolio Committee on Human Settlements as follows:

12 April 2021 to brief the Committee on the SHRA's on budget, Strategic Plans and revised Annual Performance Plan 2021/22

- 7 November 2021 to brief the Committee on its annual performance for the year 2020/21
- 1 December 2021 to brief the Committee on the Rental Policy and on the Rental Relief
- 22 February 2022, and the SHRA briefed the Committee on its policy on home finishes and explain their qualification criteria, especially on blacklisted people.

### Executive Authority

Oversight by the Executive Authority rests by and large on the precepts of the PFMA. The PFMA grants authority to the Executive Authority for oversight powers.

The Executive Authority also has the power to appoint and dismiss the Council of a public entity. The Executive Authority must also ensure that the appropriate mix of executive and non-executive directors is appointed and that directors have the necessary skills to guide the public entity. During the year under review, the Executive Authority formalised the SHRA governance structure by appointing a Council of twelve members, for a period of three years commencing on 26 November 2022.

### The Accounting Authority / The Council

The Council is the accounting authority of the SHRA. The Council of a public entity constitutes a fundamental base for the application of corporate governance principles in the public entity. All public entities should be headed by and controlled by an effective and efficient Accounting Authority, comprising of the appropriate mix of executive and non-executive members representing the necessary skills to strategically guide the public entity. Majority of the Council are made up of non-executive members as to ensure independence and objectivity in decision-making. The Council has an absolute responsibility for the performance of the public entity and is fully accountable to the public entity for such performance. The Council also gives strategic direction to the public entity.

**The role of the Council is as follows:**

- It holds absolute responsibility for the performance of the public entity
- It retains full and effective control over the public entity
- It must ensure that the public entity complies with applicable laws, regulations and government policy
- It has unrestricted access to information of the public entity
- It formulates, monitors, reviews corporate strategy, major plans of action, risk policy, annual budgets and business plans
- It ensures that the shareholders' performance objectives are achieved
- It manages potential conflicts of interest
- It develops a clear definition of levels of materiality
- To attend scheduled meetings
- It ensures financial statements are prepared
- To appraise the performance of the Chairperson
- It must ensure effective Council induction
- Must maintain integrity, responsibility and accountability
- State the roles and responsibilities of the Council in the annual report.

**Council Charter**

As recommended by the King Code, the Board has a Charter setting out its responsibilities, which is disclosed in its Annual Report. The Council Charter confirms the following: -

- The Council's responsibility for the adoption of strategic plans,
- Monitoring of operational performance and management,
- Determination of policy processes to ensure the integrity of the public entity risk management and internal controls,

The Council Charter was reviewed and approved its Charter during the year under review. The Council members comply with the provisions of the Charter.

**Composition of the Council**

The composition of the SHRA Council is done in accordance with section 9 of the Social Housing Act. Council Members are appointed by the Executive Authority and its composition is set out as follows: -

- I. Ms Busisiwe Nzo (Non-executive Member- Chairperson);
- II. Ms Pulani Thobejane (Non-executive Member)
- III. Ms Lahlane Malema (Non-executive Member)
- IV. Ms Sanele Masiza (Non-executive Member)
- V. Ms Yvonne Deliwe Mbane (Non-executive Member)
- VI. Ms Lebogang Shole (Non-executive Member) (Resigned on 3 March 2022)
- VII. Ms Ayanda Olifant (Non-executive Member)
- VIII. Ms Zimbini Hill (Non-executive Member)
- IX. Ms Confidence Tshilande (Non-executive Member)
- X. Mr Kevin Kiewitz (Non-executive Member)
- XI. Mr Ashley Latchu (Non-executive Member)
- XII. Mr Mashukudu Maboja (Non-executive Member)
- XIII. Ms Matshidiso Mfikoe (Non-executive Member) (Appointed 14 March 2022)
- XIV. Mr Dewalt Koekemoer (Acting CEO)
- XV. Mr Vusi Fakudze (Acting CSM)

The above non-executive members of Council were appointed by the Executive Authority on 25 November 2021, the table below outlines the Council composition during the period under review.

**Table 4: Composition of Council**

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Number of Meetings attended
<b>Interim Council</b>							
Bathabile Dlamini	Interim Council Chairperson	18 November 2019	25 November 2021	Hon. in Social Work	Community Development	None	13
Busisiwe NZO	Interim Council Deputy Chairperson	18 November 2019	Current	BSC Quantity Survey; Programme for Leadership Development; Property Development Programme	Stakeholder Management Built Environment Corporate Governance	Bayworld Museum Gauteng Partnership Fund	27
Phakamile Ximiya	Interim Council Member	18 November 2019	25 November 2021	Public Admin certificate; Short courses in HR; Production and Purchasing Management	Politics Stakeholder Management	None	18
Obbey Mabena	Interim Council Chairperson	18 November 2019	25 November 2021	Business Management Certificate; Information Technology Certificate	Information Technology Stakeholder Management Political	None	13
Refilwe Metenche	Interim Council Member	18 November 2019	25 November 2021	Bachelor of Accounting	Accounting Corporate Governance Risk Management	Health and Welfare SETA Free State Development Corporation Free State Tourism Authority	12
Zimbini Hill	Interim Council Member	18 November 2019	Current	MBA; BCom Accounting; Higher Diploma in Accounting	Investments Corporate Governance Marketing and Communications	Independent Development Trust (IDT) State Information Technology Agency (SITA)	28

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Number of Meetings attended
Dali Duma	Interim Council Member	18 November 2019	25 November 2021	Btech Quantity Survey; Project Management Diploma	Human Resources Corporate Governance Built Environment	None	0
Tim Sukazi	Interim Council Member	18 November 2019	25 November 2021	Bproc; LLB; LLM	Legal Compliance Corporate Governance	Gauteng Partnership Fund Gauteng Gambling Council	15
<b>New Council</b>							
Yvonne Mbane	Council Member	26 November 2021	25 November 2024	MBA; Masters Diploma HR Management; B Ed; BA Psychology; National Teachers Diploma.	Organizational Development; Corporate Governance and Administration; Regulatory Compliance	Aids Foundation SA University of Limpopo Council Special Investigation Unit Committee. Construction Industry Development Board (CIDB)	8
Pulani Thobejane	Council Member	26 November 2021	25 November 2024	Hon. Degree in Social Sciences; Advanced certificate in labour relations and HR Management	Stakeholder Management Human Resources Executive Leadership	Tshedza Trust City Power	7
Avanda Olifant	Council Member	26 November 2021	25 November 2024	MBA; Master of Commerce (Economic); BSC Hon in Economics	Finance Investments Human Resources Executive Leadership	Community Schemes Ombud Services Medical Aid Scheme SAB	13
Confidence Tshilande	Council Member	26 November 2021	25 November 2024	B Engineering (Civil);M Engineering (Geotechnical);PR Engineering	Built Environment Communications	Council member UJ Aurecom's Limelight	8

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Number of Meetings attended
Ashley Latchu	Council Member	26 November 2021	25 November 2024	MSC IT, Honours, BSC IT Management Degree;	IT Corporate Governance Executive Leadership	The Performing Arts Centre (PACOFCS)  The National Arts Council (NAC)  Tertiary Education and Research Network of South Africa (TENET)  William Humphreys Art Gallery (WHAG)  Ekurhuleni East TVET College (EEC)  Cauteng Industrial Development Zone (GIDZ)  Southern African Trust (SAT)  Council for the Built Environment (CBE)  Mpumalanga Community Education and Training College (MCETC)  Edenvale Hospital	7

Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Number of Meetings attended
Matshidiso Mfikoe #	Council Member	15 March 2022	30 November 2024	Diploma In Education; Municipal Management Development Programme; Programme in Public Management; Executive Development Programme	Stakeholder Management Executive Leadership Corporate Governance	None	0
Kevin Kiewitz	Council Member	26 November 2021	25 November 2024	BA; LLB; LLM	Legal Corporate Governance	None	8
James Maboa (CA) SA	Council Member	26 November 2021	25 November 2024	BCom Fin; Post Grad Dip in Accounting; Advanced Diploma in Auditing	Executive Leadership Finance Auditing Investments Human Resources Corporate Governance Compliance	Nuclear Energy Corporation South Africa (NECSA)  Finance and Accounting Services Sector Education and Training Authority (FASSET)  University of South Africa (UNISA)	13
Lahlane Malema	Council Member	26 November 2021	25 November 2024	Bproc; LLB	Legal Corporate Governance Executive Leadership Compliance Risk Management	SA Forestry Company Ltd (SAFCOL)  Ekurhuleni Municipality's Appeals Authority (EMAA)  Weskoppies Psychiatric Hospital Momentum Foundation Community Trust (MFCT)	7



Name	Designation	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships	Number of Meetings attended
Sanele Masiza	Council Member	26 November 2021	25 November 2024	B.Com; B.Com Honours Statistics; Certificate in Investment analysis and Portfolio Management; Master of Science (Financial Economics); Compliance Certificate (short-term programme); Programme in Short-Term Insurance	Investments Risk Management Economics Compliance Executive Leadership; Governance, Ethics management and Strategy	None	7
Lebogang Shole*	Council Member	26 November 2021	03 March 2022	MSC Building, Post Graduate Diploma in Telecommunications	Built Environment; Executive Leadership; Governance;	South African Institute of Black Property Practitioners (SAIBIPP)	7

\*Resigned on 3 March 2022

#Appointed on 14 March 2022

## **Council Committees**

The SHRA Council has established Committees in line with its enabling Act and relevant corporate governance prescripts. The following Council Committee are currently in place, and their mandates as contained in their relevant Committee Charters are briefly stated below :-

### **The Audit and Risk Committee**

The Audit and Risk Committee is established in terms of section 77 of the Public Finance Management Act (PFMA), and its primary functions can be summarised as follows :-

- To assist the Accounting Authority of the SHRA in fulfilling its oversight responsibility by reviewing:
- The financial reports and other financial information provided by the SHRA to any governmental body or the public;
- The SHRA's systems of internal controls regarding finance, accounting, legal compliance and ethics that have been established;
- The SHRA's IT Strategy, Charter and Governance framework and provide oversight for IT expenditure, and
- The SHRA's auditing, accounting, financial reporting and IT processes generally.

The composition of the Committee members is as follows :-

### **The Human Resources and Remuneration Committee**

The Human Resources and Remuneration Committee is responsible for ensuring that strategic HR policies and procedures are in place, to oversee the talent review process for Executives and senior management; overseeing and ensuring that diversity remains a key component of SHRA's human resources strategy, as well as to formulate a Council annual development programme.

### **The Compliance, Accreditation and Regulation Committee**

The Compliance, Accreditation and Regulation Committee ("the Committee") is constituted in terms of Section 9(9) of the Social Housing Act 16 of 2008 (the Social Housing Act), for the Social Housing Regulatory Authority (SHRA) Council. The Committee is responsible for ensuring good governance and sustainability of social housing institutions, through the compliance monitoring function, to accredit institutions meeting accreditation criteria as social housing institutions through its accreditation function and to exercise all powers of Intervention of the Regulatory Authority as articulated in Section 12 of the Social Housing Act.

### **The Project Development and Funding Committee**

The Project Development and Funding Committee (the Committee) is constituted in terms of Section 9(9) of the Social Housing Act 16 of 2008 (the SHRA Act), for the Social Housing Regulatory Authority (SHRA) Council. The Committee has a responsibility to help the Regulatory Authority realise the objective of Section 11(2)(a) of the Act by overseeing and ensuring compliance with the Social Housing Investment Plan; Analyse Technical Evaluation Committee recommendations relating to provision of financial assistance, as well as monitoring agreements entered into with SHIs and ODA's, other delivery agents and Provinces to protect the government's investment in social housing.

### **The Social and Ethics Committee**

The Social and Ethics Committee has been established in line with the King IV principles, which set out the ethical commitments and performance that lay the foundation for a socially responsible entity.



**Table 5: Council committees and meetings held**

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee	8	6 (from 18 November 2019 to 25 November 2021)	Former Members (Term ended on 25 November 2021)  F. Kobo (Independent Chairperson) R. Matenche Z. Hill T. Sukazi Z. Tshabalala B. Nzo
		5 Current members	Current members Z. Tshabalala (Acting Independent Chairperson) J. Maboja S. Masiza L. Malema A. Latchu
Human Resources and Remunerations Committee	5	4 members (from 18 November 2019 to 25 November 2021)	Former Members (Term ended on 25 November 2021) 1. P. Ximiya (Chairperson) 2. B. Nzo 3. B. Dlamini 4. O. Mabena
		5 Current members	Current members 1. A. Olifant (Chairperson) 2. J. Maboja 3. P. Thobejane 4. Y. Mbane 5. Z. Hill
Social and Ethics Committee	4	5 members (from 18 November 2019 to 25 November 2021)	Former Members (Term ended on 25 November 2021) 1. Refilwe Matenche (Chairperson) 2. B. Dlamini 3. O. Mabena 4. P. Ximiya 5. T. Sukazi
		6 current members	Current members 1. K. Kiewitz (Chairperson) 2. Z. Hill 3. C. Tshilande 4. P. Mogotsi 5. B. Nzo 6. L. Shole

Compliance Accreditation and Regulations Committee	4	3 members (from 18 November 2019 to 25 November 2021)	Former Members (Term ended on 25 November 2021) 1. T. Sukazi (Chairperson) 2. O. Mabena 3. R. Matenche
		5 current members	Current members 1. Z. Hill (Chairperson) 2. Y. Mbane 3. K. Kiewitz 4. A. Latchu 5. A. Olifant
Project Development and Funding Committee	4	3 members (from 18 November 2019 to 25 November 2021)	Former Members (Term ended on 25 November 2021) 1. Z. Hill (Chairperson) 2. B. Nzo 3. P. Ximiya
		5 current members	Current members 1. L. Shole (Chairperson) 2. B. Nzo 3. C. Tshilande 4. L. Malema 5. S. Masiza

## Remuneration of Council members

The remuneration of the Council members, as well as the travel disbursements and subsistence allowances, are determined by National Treasury guidelines. Council Members in the employ of the state are not remunerated as per the National Treasury guidelines.

**Table 6 : Council Remuneration FY 2021/22**

No	Name	Meeting fees	Travel expenses	Workshops	Total
1	Phakamile Ximiya	82 804	-	11 765	94 569
2	Faith Kobo	43 538	2 363	8 881	54 782
3	Bathabile Dlamini	60 687	-	7 794	68 481
4	Tim Sukazi	42 872	-	7 813	50 685
5	Busisiwe Nzo	168 164	1 535	78 110	247 809
6	Dali Duma	-	-	-	-
7	Obi Mabena	71 187	-	11 654.66	82 842
8	Zimbini Hill	149 304	266	22 644	172 214
9	Refilwe Matenche	72 067	-	27 461	99 528
10	Zelda Tshabalala	12 168	-	1 962	14 130
11	Pulani Thobejane-Mogotsi	44 566	266	-	44 832



No	Name	Meeting fees	Travel expenses	Workshops	Total
12	Lahlane Malema	34 747	1 022	2 353	38 122
13	Sanele Masiza	29 778	-	3 661	33 439
14	Yvonne Deliwe Mbane	51 922	1 572	3 661	57 155
15	Lebogang Shole	33 370	266	1 308	34 944
16	Ayanda Olifant	69 751	266	2 353	72 370
17	Confidence Tshilande	36 055	1 695	3 661	41 412
18	Kevin Kiewitz	39 913	266	3 661	43 840
19	Ashley Latchu	41 071	829	5 845	47 745
20	Mashukudu Maboja	46 786	591	1 308	48 685
<b>TOTAL</b>		<b>1 130 750</b>	<b>10 937</b>	<b>205 896</b>	<b>1 347 583</b>

## Risk Management

Risk management within the Social Housing Regulatory Authority ("SHRA") is on an ongoing journey directed at realising performance and sustainability through building an optimal risk culture as well as integration of risk management with its planning, performance, and sustainability management programmes.

This journey takes place in a measured and progressive manner over the financial year and in line with available financial and other resources as approved from time to time. For that reason, the essence of the risk implementation plan is to focus on the core priorities of the organisation under conditions of constrained resources. The SHRA hopes to ensure that over time, there is progressive capability building in a manner that builds internal capacity and skills whilst ensuring that all relevant stakeholders are educated on risk management.

The SHRA has an approved risk management policy and strategy which provides guidance on the risk assessment principles and processes.

The SHRA conducts regular risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks. The Council held its Risk Review Session on 30 September 2021.

The Audit and Risk Committee reports to Council on the overall system of risk management, especially the mitigation of unacceptable levels of risk; and it also advises Council on risk management and independently monitors the effectiveness of the system of risk management. The utilises its risk management plan to monitor progress in the management of risks.

## Internal Audit

The internal audit function, under the oversight of the audit and risk committee, is recognised as an integral part of the governance structure of the organisation.

The internal audit charter is reviewed annually. The charter is in line with the International Internal Audit (IIA) standards and defines the roles, responsibility, and authority of internal audit, including its role within combined assurance. Updates to the charter are approved by the audit and risk committee.

The internal audit function is independent of management. Management designs and implements the controls that are in place to manage key risks. Internal audit provides assurance over the effectiveness of the internal control environment. The internal audit function is established by the Council and its responsibilities are determined by the audit and risk committee and it is accountable to the committee for assurance over internal controls. The head of internal audit position carries with it the authority necessary for internal audit to meet its objectives.

## Compliance with laws and regulations

Sec 51(1)(h) of the PFMA compels the Council to comply and ensure compliance by the institutions with the provisions of the Act, and other relevant legislative prescripts.

The Audit and Risk committee reviews the institution's compliance with legal and regulatory provisions. During the year under review, the SHRA commenced with the compilation of a compliance universe and prioritised the following legislative prescripts that the SHRA is required to comply with:-

1. *Basic Conditions of Employment Act 75 of 1997*
2. *Employment Equity Act 55 of 1998*
3. *Housing Act 107 of 1997*
4. *Preferential Procurement Policy Framework Act 5 of 2000*
5. *Promotion of Access to Information Act 2 of 2000*
6. *Promotion of Administrative Justice Act 3 of 2000*
7. *Rental Housing Act 50 of 1999*
8. *Social Housing Act 16 of 2008*
9. *Broad Based Black Economic Empowerment Act, No. 53 of 2003 and 2013 Code*
10. *Public Finance Management Act, No. 1 of 1999 - Public Entities Schedule 3*
11. *Unemployment Insurance Act, No. 63 of 2001*
12. *Occupational Health and Safety Act, No. 85 of 1993*
13. *Electronic Communications and Transactions Act, No. 25 of 2002*
14. *Labour Relations Act, No. 66 of 1995*

## Shareholder Compact

Treasury Regulation 29.2, issued under the Public Finance Management Act, 1999 (PFMA) (Act 1 of 1999), further requires the Accounting Authority of a certain public entities to conclude a Shareholder's Compact with its Executive Authorities annually; and The SHRA Council is the organisation's Accounting Authority and the Minister for Human Settlements is its Executive Authority as the Cabinet member responsible for the SHRA; the Parties have negotiated and reached an agreement on the contents of the Shareholder's Compact and have recorded same in writing.

The Shareholder and the SHRA entered into a Shareholder's Compact Agreement to underscore a constructive working relationship and clarify mutual expectations, thus providing a framework that forms a basis of good corporate governance.

## Fraud and Corruption

Good progress has been made with the implementation of a fraud prevention strategy and plan which aims to maximise fraud prevention and enhance good corporate governance practices. The Audit and Risk Committee monitors the implementation of the strategy and plan, with regular progress reported to the Council.

Consequence management and disciplinary processes are being improved with regular feedback on the status of disciplinary cases to the Audit and Risk committee and Council.

In addition to the fraud prevention strategy, the SHRA has a Fraud and Corruption Prevention Policy, as well as a Whistle Blower policy. Whistle-blowers make use of a dedicated fraud hotline to report allegations of fraud and corruption, these reports are monitored on a quarterly basis by the designated governance structures of the entity.



## Minimising Conflict of Interest

Council members are required to declare conflicts of interest in relation to particular items of business at the commencement of all Council and committee meetings, or as soon as the Council member becomes aware of such conflict or potential conflict. Council members are required to recuse themselves from discussion or decisions on matters in which they have a conflict of interest.

Furthermore, Council members and the staff of SHRA, are required to confirm their financial, economic and related party interests. Council members and staff are required to notify the company secretary of any significant changes.

## Code of Conduct

The SHRA has an approved Code of Ethics and Conduct which regulates the conduct and behaviour of SHRA Council, staff and stakeholders. The SHRA applies its Code of Ethics and Conduct quite firmly any breach of the Code is dealt with in line with the applicable policies.

## Health, Safety and Environmental Issues

The SHRA has an approved Health and Safety policy and has also established a Health and Safety Committee that reports to the Executive Committee on a quarterly basis. The Committee has continued to monitor the Covid 19 statistics during the year under review, and has ensured adherence to the applicable regulations whilst they were still in force and effect.

## Company Secretary

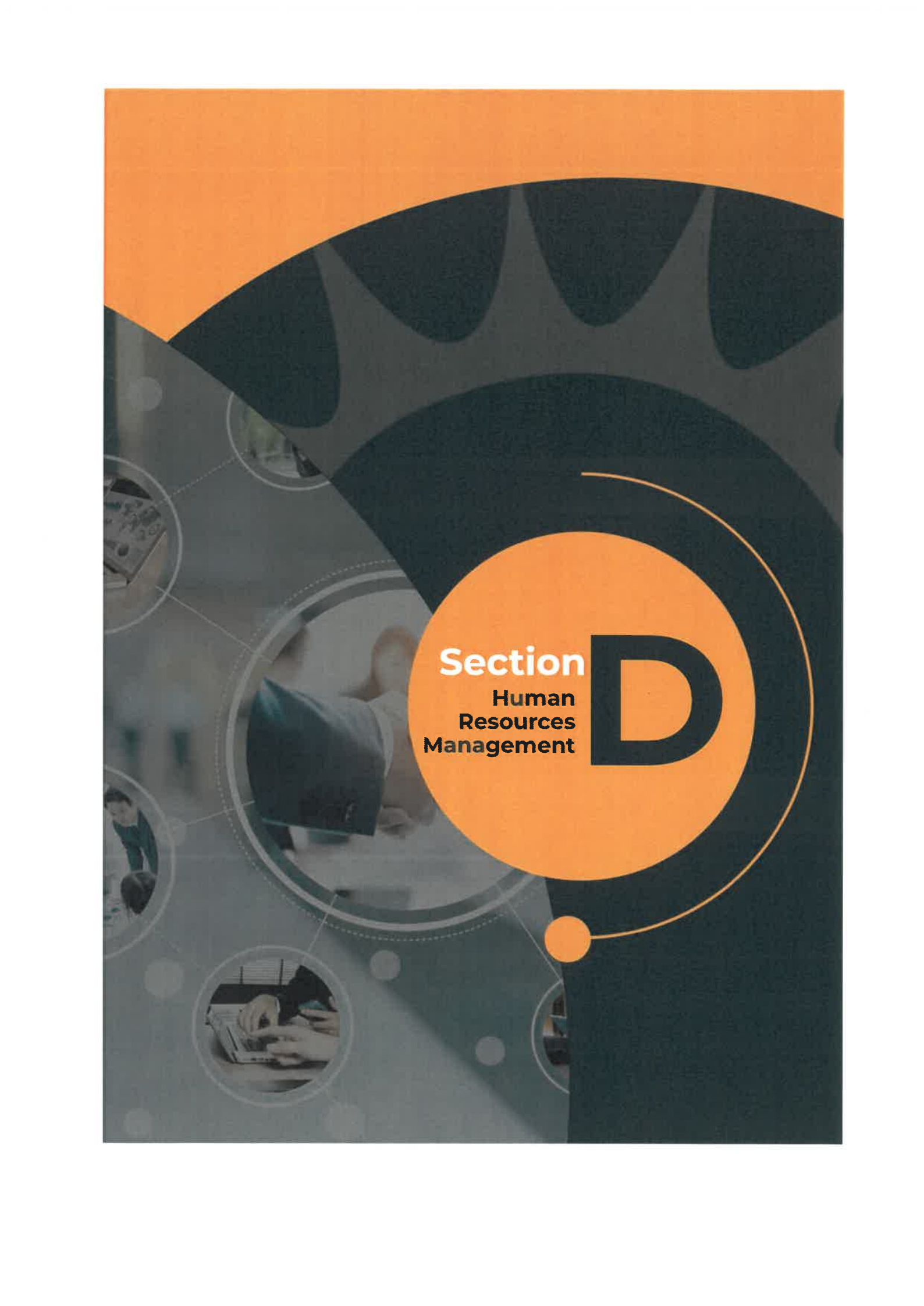
The Company Secretary provides professional corporate governance services to the organisation. The Company Secretary ensures that Council procedures, regulations and governance codes are adhered to. As and when it is appropriate, the Company Secretary provides guidance to the Council members on governance, compliance and their fiduciary responsibilities. The Company Secretary engages regularly with executive management and works closely with the Chairperson.

## B-BBEE Compliance Performance Information

**Table 7: B-BBEE Compliance Performance Information**

**Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:**

Criteria	Response (Yes / No)	Discussion
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	A review of the accreditation requirements is to be assessed to encourage transformation requirements will be embarked on.
Developing and implementing a preferential procurement policy?	Yes	An Inclusive Growth Policy has been adopted by and makes for provision over and beyond.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable.
Developing criteria for entering into partnerships with private sector	Yes	The Social Housing Act and Regulations allow for the participation of private sector participants within the programme.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	No	Preference has been given in line with the annual performance plan targets, which sets out preferential criteria for the award of grants.



**Section**  
**Human**  
**Resources**  
**Management**

**D**



## Section D: Human Resources Management

### Introduction

Human Resources play a key role in assisting an organisation to achieve its goals and objectives. As such, the SHRA recognises its staff as being fundamental to its overall success.

The SHRA HR Unit support in areas of transformation and diversity; organisational culture and values; talent acquisition; learning and development; remuneration and reward; performance management; HR policies and procedures; staff wellness and engagement and HR statutory compliance and governance.

#### **Set HR priorities for the year under review and the impact of these priorities**

The HR priorities for the year under review were closely linked to the SHRA's strategic - and annual performance plans to enable the SHRA to deliver on its mandates

Changes to the core operating frameworks in the Compliance, Accreditation and Regulation (CAR) programme, necessitated a review of the Project Development & Funding (PD&F) framework. Given the inter-related nature of the various changes and HR processes, an Organizational Design (OD) exercise was embarked on in the 2021/22 year to determine if the entity is structurally geared to deliver on its mandate and support any motivations for structural amendments. This project included:

- Review of the operating model vis-à-vis the structure required to support the mandate
- Job profiling, grading, and remuneration benchmarking
- Skills Audit

Apart from the above, other areas of focus in the HR Unit were:

- Compliance and support in the implementation of disaster management regulations with regards to the Covid-19 pandemic to ensure a safe and healthy working environment.
- The Executive Leadership has embarked on a focused development programme. This development focused on themes including systemic thinking and problem-solving in a boundaryless world; thinking practices for current realities and a brave new world needs brave new leadership. This programme also includes a transfer of learning from the executives to the next layer of management.
- Review of current and development of new HR Policies and Procedures.
- In line with the requirements of the Health and Safety Act of 1993, new Health and Safety representatives were appointed and trained.
- Automation of the performance management process on Sage People 300 (project is still in progress).
- Continuous coaching, guidance and support on HR policies and procedures.
- Recruitment of critical vacancies.

### **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce**

The SHRA believes that all its employees have the potential to grow, both in their work role and personally, and it endeavours to provide opportunities for growth and personal development as far as reasonably possible. It considers it appropriate to base its training and development opportunities on the requirements of the business, and decisions about investment in staff training and development are made accordingly.

Covid-19 slowed down the uptake of training and development initiatives. The delivery of training interventions post-Covid-19 were mainly done on-line. The SHRA implemented a succession plan for identified critical positions. The succession pool was identified, and development initiatives were implemented. Despite several challenges, recruitment for key positions were undertaken and the vacancy rate reduced from the previous financial year.

### **Employee performance management framework**

The SHRA uses a balanced scorecard approach as a basis for managing performance. This is to ensure that alignment is achieved in terms of the vision, mission and strategy across the whole organisation and the performance behaviours of all employees. Outputs are cascaded from the top down as a direct interpretation of the SHRA strategic plan, the Annual Performance Plan, operational plans, job profiles and the goals that are to be achieved.

The automation of the performance management system was undertaken. This included the performance contracting and review processes. The set-up of the system was completed and implementation is scheduled for the next financial year.

### **Employee wellness programmes**

The SHRA has a formal employee wellness service provider and programme in place. Apart from the call centre service that includes counselling, trauma debriefing, emotional support, health support, financial support, bereavement, legal support for staff and their dependants, the following wellness initiatives were also implemented:

- Covid-19 awareness workshop (symptoms, risks and protocols)
- Invest in Ourselves Workshop - tips for a new relationship with your finances during Covid-19
- Communication Skills Workshop, focusing on communication styles and skills, assertiveness and tips for having difficult conversations.
- Change Management Workshop, focusing on change management, change curve, impact of change and coping mechanisms for dealing with change and stress (specifically amidst the impact of Covid-19 and lock-down).
- Formal management referral of staff for assessments due to performance issues.

### **Policy development**

During the period under review a total of nine (9) policies were reviewed to ensure alignment with applicable legislation and best practices. This included the Total Reward Policy and Procedure; Access to personnel files Policy and Procedure; Employee Induction Policy and Procedure; Disciplinary Code and Procedure; Grievance Policy and Procedure; Harassment and Bullying Policy and Procedure; Termination of Employment Policy and Procedure; Performance Management Policy and Procedure and the Acting Policy and Procedure.



### Highlight achievements

The SHRA has successfully implemented a pilot internship programme to provide graduates with opportunities to gain practical work experience. This programme aims at assisting the interns gaining on the job work experience and alleviating some of the high levels of unemployment amongst young graduates. Planned implementation of the Internship Programme for the next financial year will increase the number of intern intake.

### Challenges faced by the public entity

The SHRA CEO position is still vacant following the lapse of the former CEO's fixed term employment contract and a prolonged labour dispute. This contributed to instability on the executive leadership structure as executives were appointed to act in the role. It also resulted in the postponement of recruitment of other senior management vacancies. The operational budget was inadequate to allow for funding for certain key positions. These continued vacancies hindered the SHRA's performance.

### Future HR plans /goals

HR plans/goals for the next financial year are aligned with the SHRA Strategic- and Annual Performance Plan. These include current and future projects:

- Implementation of the new proposed organisational structure as per the organisational design project.
- Concluding job profiles and job evaluations.
- Implementation of skills audit outcomes.
- Develop and implement a change management initiative in support of building a high-performing organisation.
- Develop and implement training initiatives for middle management.
- Implement staff wellness initiatives focusing on opportunities for physical and mental health and encouraging work/life balance.

## Human Resources oversight statistics

**Table 8: Personnel Cost by programme/activity/objective**

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Administration Programme	R833 702	R20 650	2.48%	25	R826
Compliance Accreditation and Regulations (CAR) Programme	R833 702	R10 142	1.22%	12	R845
Sector Development and Transformation (SD&T) Programme	R833 702	R4 385	0.53%	4	R1 096
Project Development and Funding (PD&F) Programme	R833 702	R7 051	0.85%	7	R1 007

\*Difference between expenditure above and statement of financial performance relates to Council remuneration, outsourced services through external service providers that are not included on the payroll. This calculation Difference of actual headcount as at end of year, vs the actual total number of staff employed through the year.

The average personnel cost per employee is higher in the specialist programmes than in the Administration Programme.

The table below demonstrate personal cost by salary band. The average personnel cost per employee increase as the skill-levels of employees increase.

**Table 9: Personnel cost by salary band**

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	R3 022	7.72%	2	R1 511
Senior Management	R5 575	14.24%	3	R1 511
Professional	R16 701	42.64%	16	R1 858
Skilled	R12 478	31.86%	23	R1 044
Semi-skilled	R1 387	3.54%	6	R543
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>R37 164</b>		<b>50</b>	<b>R783</b>

\* The average personnel cost does not take employee movements into account.

**Table 10: Performance rewards**

Programme//activity/objective	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	R211 405	R3 023	6.99%
Senior Management	R547 087	R5 575	9.81%
Professional qualified	R674 644	R16 701	4.04%
Skilled	R1 148 976	R12 478	9.21%
Semi-skilled	R135 549	R1 387	9.77%
Unskilled	0	0	0
<b>TOTAL</b>	<b>R2 717 661</b>	<b>R39 164</b>	<b>6.94%</b>

Over the past year SHRA rewarded its employees in a means of performance bonus as per the table above.

The table above depicts the amount that was paid in performance rewards during the period under review.



**Table 11: Employment and vacancies**

Programme/activity/objective	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Administration	28	23	5	45.45%
Compliance Accreditation and Regulations	12	11	1	9.09%
Sector Development and Transformation	4	4	0	0.00%
Project Development and Funding	9	7	2	18.18%
Social Housing Precinct Development	3	0	3	27.27%

The Administration Programme had the most vacancies for the period under review. This is due to the fact this programme has the biggest staff complement.

	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Top Management	2	0	2	18%
Senior Management	4	3	1	9%
Professional qualified	18	16	2	18%
Skilled	26	20	6	55%
Semi-skilled	6	6	0	0
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>45</b>	<b>56</b>	<b>11</b>	<b>100%</b>

\* CEO recruitment was placed on hold pending the conclusion of a pro-longed labour dispute. Subsequently recruitment for other top management and senior management positions was also placed on hold.

**Table 12: Employment changes**

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	1	0
Senior Management	3	0	0	3
Professional qualified	11	4	1	14
Skilled	21	3	4	20
Semi-skilled	5	2	1	6
Unskilled	0	0	0	0
<b>Total</b>	<b>41</b>	<b>9</b>	<b>7</b>	<b>43</b>

**Table 13: Staff leaving**

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	6	86%
Dismissal	1	14%
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
<b>Total</b>	<b>7</b>	<b>100%</b>

During the period under review there were six resignation and one dismissal, the majority of resignations was due to career development. As a small entity with a relatively flat organisational structure, career progression opportunities are limited.

**Table 14: Warnings and dismissals**

Nature of disciplinary Action	Number
Verbal Warning	1
Written Warning	0
Final Written warning	1
Dismissal	1

During the period under review the SHRA implemented three (3) disciplinary actions.



**Table 15: Equity Target and Employment Equity Status**

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	1
Senior Management	1	2	0	0	0	0	1	1
Professional qualified	6	8	0	1	1	0	0	1
Skilled	5	8	0	0	0	2	0	0
Semi-skilled	2	2	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>14</b>	<b>20</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>3</b>

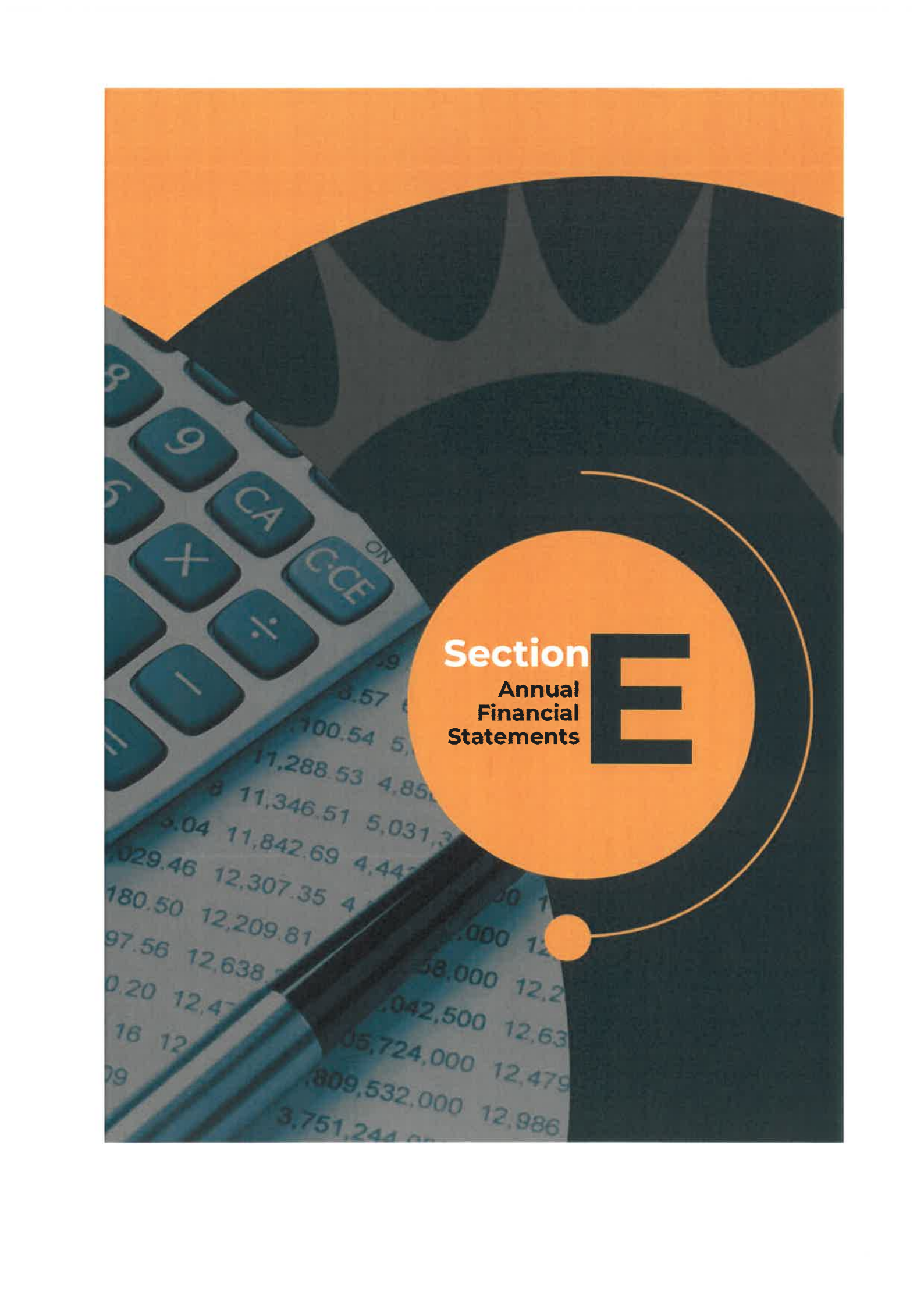
  

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	1	2	0	1	0	0	0	0
Professional qualified	7	5	2	2	1	1	1	1
Skilled	11	12	0	0	2	3	0	0
Semi-skilled	3	2	0	0	0	0	1	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>22</b>	<b>22</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>1</b>

Levels	Disabled Staff				
	Current	Male		Female	
		Target	Current	Target	
Top Management	0	0	0	0	
Senior Management	0	0	0	0	
Professional qualified	0	0	0	0	
Skilled	0	0	1	1	
Semi-skilled	0	0	0	0	
Unskilled	0	0	0	0	
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	

Although the SHRA did not meet all the individual targets per categories, it did meet the overall Employment Equity target for the financial year.



**Section**  
**Annual**  
**Financial**  
**Statements**

**E**



## Section E: Annual Financial Statements

### General Information

#### Country of incorporation and domicile South Africa

##### Members

Ms BN Nzo (Chairperson)

Ms M Mfikoe

Ms Z Hill

Ms P Thobejane

Ms L Malema

Ms S Masiza

Ms Y D Mbane

Ms A Olifant

Ms C Tshilande

Mr K Kiewitz

Mr A Latchu

Mr J Maboja

Mr Dewalt Koekemoer, Chief Executive Officer - Acting (Executive Member)

Mr V Fakudze, Corporate Services Manager - Acting (Executive Member)

**Registered office:** 3rd Floor Sentinal House Sunnyside Office Park  
32 Princess of Wales Terrace Parktown, Johannesburg 2193  
Postal address Postnet Suite 240  
Private Bag X 30500 Houghton  
2041

**Bankers** First National Bank Limited

**Auditors** Nexia SAB&T  
Registered Auditors

**Company Secretary** Ms C Rahlagane

**Preparer** The audited annual financial statements were independently compiled by:  
RAiN Chartered Accountants Incorporated Chartered Accountants (SA)

**Authorised by** Mr V Fakudze  
Corporate Services Manager - Acting

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## Report of the Council's Responsibilities and Approval

The Council are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are 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 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 was 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 and prudent judgments and estimates.

The Council has fulfilled its responsibilities in accordance with section 51 of the Public Finance Management Act. The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Social Housing Regulatory Authority and all employees are required to maintain the highest ethical standards in ensuring the Social Housing Regulatory Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Social Housing Regulatory Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Social Housing Regulatory Authority. While operating risk cannot be fully eliminated, the Social Housing Regulatory Authority 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 are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Council have reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the Social Housing Regulatory Authority has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Social Housing Regulatory Authority 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 entity 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 73 - 133, which have been prepared on the going concern basis, were approved by the Council on 29 July 2022 and were signed on behalf of the Council by:

  
**Ms BN Nzo**  
Chairperson



## Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

Name of member	Number of meetings attended
<b>Former Member</b>	
Ms Faith Kobo (Former Chairperson)	4
<b>Current Members</b>	
Ms Zelda Tshabalala (Acting Independent Chairperson)	2
Ms Lahlane Malema	2
Ms Sanele Thamsanqelwa Masiza	2
Mr Ashley Latchu	3
Mr James Maboaa	4

### Audit committee responsibility

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

### The effectiveness of internal control

The system of internal controls applied by the entity 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 Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations thereof. Accordingly, we can report that the system of internal control over financial reporting for the period 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, for submission to external auditors;



**Ms. Z Tshabalala**

Acting Chairperson of the Audit Committee

Date:

# INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE SOCIAL HOUSING REGULATORY AUTHORITY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

1. We have audited the financial statements of the Social Housing Regulatory Authority set out on pages 73 to 133, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. 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 2022, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Standards (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. 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 our report.
4. We are independent of the public entity in accordance with Independent Regulatory Board for Auditors' Code of Professional Conduct for Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards).
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matters

6. We draw attention to the matter below. Our opinion is not modified in respect of this matter.  
Unaudited supplementary information
7. The supplementary information set out on page 132 does not form part of the financial statements and is presented as additional information. We have not audited this schedule and, accordingly, we do not express an opinion on it.



### **Responsibilities of Council for the financial statements**

8. The Council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity'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**

10. 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.
11. 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**

12. In accordance with the Public Audit Act of South Africa of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
13. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the public entity enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
14. 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 public entity's annual performance report for the year ended 30 March 2022:

Programme	Pages in the annual performance report
Programme 4 – Project Development and Funding	43 to 47

15. 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.

16. We identified a material misstatement in the annual performance report submitted for auditing.

This material misstatement was on the reported performance information for Programme 4: Project Development and Funding. As management corrected the misstatement, we did not raise a material finding on the usefulness and accuracy of the reported performance information.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### Introduction and scope

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

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

### Annual financial statements, performance and annual report

19. 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. There were material misstatements in the submitted financial statements that were identified by the external auditors. The entity subsequently corrected the financial statements, resulting in an unqualified audit opinion being issued.

## OTHER INFORMATION

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.





21. Our opinion on the financial statements and our 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.
22. 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 during the audit or otherwise appears to be materially misstated.
23. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### INTERNAL CONTROL DEFICIENCIES

24. 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 and the findings on compliance with legislation included in this report.
25. Leadership did not implement effective controls to ensure accurate performance and financial reporting nor did they exercise adequate oversight responsibility over compliance with applicable legislation, which resulted in material adjustments being made to the annual performance report and the annual financial statements.

#### AUDITOR TENURE

26. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditors of the Social Housing Regulatory Authority for 5 years.

*Nexia SAB&T*

**Nexia SAB&T**  
Philemon Mawire  
Director Registered Auditor

31 July 2022  
119 Witch-Hazel Avenue, Highveld Techno-park, Centurion

## **Annexure – Auditor’s responsibility for the audit**

1. 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 the reported performance information for selected programmes and on the public entity’s compliance with respect to the selected subject matters.

### **Financial statements**

2. 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
- conclude on the appropriateness of the Council’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 relating to events or conditions that may cast significant doubt on the ability of the Social Housing Regulatory Authority’s 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 our 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 operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. 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.



## **Social Housing Regulatory Authority**

Audited Annual Financial Statements for the year ended 31 March 2022

### **Council's Report**

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## **The members submit their report for the year ended 31 March 2022.**

### **1. Review of activities**

#### **Main business and operations**

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

The Social Housing Regulatory Authority is currently working closely with the National Department of Human Settlements to effectively align its mandate and delivery in line with the targets set out in the Medium-Term Strategic Framework 2019-2024, therefore the continued operation of the entity as a going concern is intact for the foreseeable future. In addition, there is no indication from the Department of Human Settlements to terminate the Medium-Term Strategic Framework approved fund allocation. There are engagements currently underway to address the MTEF funding of the commitments as contained in note 20.

### **3. Subsequent events**

The members are not aware of any matter or circumstance arising since the end of the financial year.

### **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 committee meeting. None of the Council members have declared any interest in contracts with the entity during the current year.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

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#### 5. Accounting policies

The annual financial statements for the year ended 31 March 2022 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.

#### 6. Non-current assets

There 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

##### Non-Executive Members

##### Current Members

Ms BN Nzo (Chairperson)	South African	Reappointed	26 November 2021
Ms Z Hill	South African	Reappointed	26 November 2021
Mr J Maboa	South African	Appointed	26 November 2021
Mr A Latchu	South African	Appointed	26 November 2021
Mr K Kiewitz	South African	Appointed	26 November 2021
Ms A Olifant	South African	Appointed	26 November 2021
Ms Y D Mbane	South African	Appointed	26 November 2021
Ms C Tshilande	South African	Appointed	26 November 2021
Ms L Malema	South African	Appointed	26 November 2021
Ms P Thobejane	South African	Appointed	26 November 2021
Ms S Masiza	South African	Appointed	26 November 2021
Ms M Mfikoe	South African	Appointed	14 March 2022

##### Former Members

Ms BO Dlamini (Former Chairperson)	South African	Term ended	25 November 2021
Mr PWW Ximiya	South African	Term ended	25 November 2021
Mr O Mabena	South African	Term ended	25 November 2021
Mr TM Sukazi	South African	Term ended	25 November 2021
Mr R Matenche	South African	Term ended	25 November 2021
Mr D Duma	South African	Resigned	13 May 2021
Ms L P Shole	South African	Appointed	26 November 2021 and
		Resigned	03 March 2022



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

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#### Executive Members

<b>Ms MM Nkopane</b> (Acting Chief Executive Officer)	South African	Appointed	01 March 2021 to 28 February 2022
<b>Mr D Koekemoer</b> (Acting Chief Executive Officer)	South African	Appointed	01 March 2022
Ms A Puoane (Corporate Services Manager)	South African	Resigned	05 November 2021
<b>Mr V Fakudze</b> (Acting Corporate Services Manager)	South African	Appointed	08 November 2021
<b>Mr L Letsoalo</b> (Project and Development and Funding Executive)	South African		
<b>Ms J D N Phoswa</b> (Acting Sector and Development Executive)	South African	Appointed	11 May 2021 to 30 September 2021
<b>Mr J Mofokeng</b> (Acting Sector and Development Executive)	South African	Appointed	01 October 2021 to 31 March 2022
<b>Mr D Koekemoer</b> (Acting Compliance and Accreditation Executive)	South African	Appointed	01 April 2021 to 28 February 2022
<b>Ms MM Nkopane</b> (Compliance and Accreditation Executive)	South African	Appointed	01 March 2022

#### Composition of the Council

The Minister issued a readvertisement call for nomination of non-executive members to serve on the Council of the Social Housing Regulatory Authority. The current Council was appointed on 26 November 2021.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

#### 8. Council Members and Executive Managers Remuneration Council Members

	Meeting fees	Travel expenses	Other services	Total package 2022	Total package 2021
<b>Non-executive members</b>					
<b>Current Chairperson</b>					
Ms BN Nzo	168 164	1 535	78 110	247 809	122 759
<b>Former Chairperson</b>					
Ms BO Dlamini	60 687	-	7 794	68 481	108 871
	<b>228 851</b>	<b>1 535</b>	<b>85 904</b>	<b>316 290</b>	<b>231 630</b>

	Meeting fees	Travel expenses	Other services	Total package 2022	Total package 2021
<b>Non-executive members</b>					
<b>Former Members</b>					
Mr PWW Ximiya	82 804	-	11 765	94 569	107 910
Mr D Duma	-	-	-	-	76 606
Mr TM Sukazi	42 872	-	7 813	50 685	48 124
Ms R Matenche	72 067	-	27 461	99 528	90 569
Mr O Mabena	71 187	-	11 655	82 842	97 316
Ms L P Shole	33 370	266	1 308	34 944	-
<b>Current Members</b>					
Ms Z Hill	149 304	266	22 644	172 214	107 254
Ms P Thobejane	44 566	266	-	44 832	-
Ms L Malema	34 747	1 022	2 353	38 122	-
Ms S Masiza	29 778	-	3 661	33 439	-
Ms Y D Mbane	51 922	1 572	3 661	57 155	-
Ms A Olifant	69 751	266	2 353	72 370	-
Ms C Tshilande	36 055	1 695	3 661	41 411	-
Mr K Kiewitz	39 913	266	3 661	43 840	-
Mr A Latchu	41 071	829	5 845	47 745	-
Mr J Maboja	46 786	591	1 308	46 685	-
<b>Non-members invited to meetings</b>					
Mr F Kobo	43 538	2 363	8 881	54 782	49 813
Ms Z Tshabalala	12 168	-	1 962	14 130	-
	<b>901 899</b>	<b>9 402</b>	<b>119 992</b>	<b>1 029 293</b>	<b>577 592</b>
	<b>1 130 750</b>	<b>10 937</b>	<b>205 896</b>	<b>1 347 583</b>	<b>809 351</b>



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

#### Council members

	Salary	Expense Allowances	Bonus	Other benefits received	Total package 2022	Total package 2021
<b>Executive members</b>						
Acting Chief Executive Officer Mr D Koekemoer	1 726 120	24 000	148 812	86 981	1 985 913	1 571 239
Ms MM Nkopane	1 842 915	44 000	189 461	77 957	2 154 333	1 534 845
Corporate Services Manager Ms A Puoane	1 366 541	10 500	211 405	77 055	1 665 501	2 342 383
Acting Corporate Services Manager Mr V Fakudze	1 642 949	14 000	185 227	97 205	1 921 381	-
	<b>6 578 525</b>	<b>92 500</b>	<b>734 905</b>	<b>339 198</b>	<b>7 727 128</b>	<b>5 448 467</b>

#### Executive managers

	Salary	Expense Allowances	Bonus	Other benefits received	Total package 2022	Total package 2021
<b>Executive members</b>						
Project Development & Funding Executive Mr L Letsoalo	1 668 961	24 000	208 814	105 403	2 007 178	1 757 475
Acting Sector Development and Transformation Executive Mr J Mofokeng	806 533	12 000	82 275	32 570	933 378	-
Acting Sector Development and Transformation Executive Ms J D N Phoswa	784 495	4 000	82 275	32 570	903 340	-
	<b>3 259 989</b>	<b>40 000</b>	<b>373 364</b>	<b>170 543</b>	<b>3 843 896</b>	<b>1 757 475</b>
	<b>9 838 514</b>	<b>132 500</b>	<b>1 025 994</b>	<b>477 171</b>	<b>10 667 684</b>	<b>7 205 942</b>

#### Corporate Services Manager position

Mr V Fakudze has been appointed as Acting Corporate Services Manager from 08 November 2021 until a Corporate Service Manager is appointed.

#### Chief Executive Officer position

Mr R Gallocher the former Chief Executive Officers's fixed term employment contract lapsed in the prior year.

Ms M Nkopane was appointed as the Acting Chief Executive Officer with effect from 01 March 2021 until 28 February 2022.

Mr D Koekemoer was appointed as the Acting Chief Executive Officer from 01 March 2022 until such time that a permanent appointment is made.

## 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.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

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#### Council members

##### The Council:

- retains full control over the entity, 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 entity;
- is of a unitary structure comprising:
  - non-executive members, all of whom are independent directors as defined in the Code; and
  - executive members.
- 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 entity, are determined by the Council.

The Non-Executive Council members are remunerated as determined by the Minister in line with National Treasury tariffs.

#### Executive meetings

The Executive Committee is scheduled to meet fortnightly 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 more than four times during the financial year to review matters necessary to fulfil its role.

#### Project Development & Funding Committee

The committee oversees the Social Housing Investment Plan, ensuring adherence and compliance to the Capital Investment Plan and legislated investment criteria.

#### Compliance, Accreditation and Regulations Committee

The Committee has strategic oversight of the Social Housing Regulatory Plan and ensuring compliance with that plan. Furthermore, ensuring that there is compliance monitoring of all the reporting entities.

#### Human Resources and Remuneration Committee

The Committee has an oversight responsibility to inform and ensure that management is provided with guidance on the adequacy and efficiency of the human resources policies, procedures and practices applied by the Social Housing Regulatory Authority.





## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

#### Social & Ethics Committee

The Committee oversees the Social Housing Regulatory Authority's activities related to sustainable social and economic development, which include the promotion of equality and ethics management.

#### Procurement framework

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

The entity operates within the Preferential Procurement Regulations of the Preferential Procurement Policy Framework of Act 5 of 2000. 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 Members

Ordinary Council Meetings	Total Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Apologies	Number of Attended Workshops
<b>Former Members</b>				
Ms BO Dlamini (Former Chairperson)	4	4	-	3
Mr PWW Ximiya	4	4	-	3
Mr TM Sukazi	4	-	4	1
Ms R Matenche	4	3	1	3
Ms L P Shole	2	1	1	3
Ms F Kobo*	4	2	2	2
Mr O Mabena	4	2	2	3
<b>Current Members</b>				
Ms BN Nzo (Chairperson)	6	6	-	8
Ms Z Hill	6	6	-	7
Ms P Thobejane	2	-	2	3
Ms L Malema	2	2	-	3
Ms Zelda Tshabalala*	2	-	2	1
Ms S Masiza	2	2	-	2
Ms Y D Mbane	2	2	-	5
Ms A Olifant	2	2	-	4
Ms C Tshilande	2	2	-	4
Mr K Kiewitz	2	2	-	4
Mr A Latchu	2	2	-	3
Mr J Maboja	2	1	1	4

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

Ordinary Human Resources and Remuneration Committee Meetings	Total Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Apologies	Number of Attended Workshops
<b>Former Members</b>				
Mr PWW Ximiya (Former Chairperson)	3	3	-	-
Ms BO Dlamini	3	2	1	-
Mr O Mabena	3	3	-	-
<b>Current Members</b>				
Ms A Olifant (Chairperson)	1	1	-	-
Ms Y D Mbane	1	1	-	-
Ms Z Hill	1	1	1	-
Ms BN Nzo	3	3	-	-
Ms A Olifant	1	1	-	-
Mr J Maboja	1	1	-	-
<b>Compliance, Accreditation and Regulations Committee</b>				
<b>Former Members</b>				
Mr TM Sukuzi (Former Chairperson)	2	2	-	-
Ms R Matenche	2	2	-	-
<b>Current Members</b>				
Ms Z Hill (Chairperson)	2	-	2	-
<b>Project, Development and Funding Committee</b>				
<b>Former Members</b>				
Mr PWW Ximiya (Former Chairperson)	3	3	-	-
Mr O Mabena	3	1	2	-
Mr TM Sukazi	3	1	2	-
<b>Current Members</b>				
Ms Z Hill (Chairperson)	3	3	-	-
Ms BN Nzo	3	3	-	-



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

Social and Ethics Meetings	Total Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Apologies	Number of Attended Workshops
<b>Former Members</b>				
<b>Workshops</b>				
Ms R Matenche (Former Chairperson)	4	2	2	-
Mr PWW Ximiya	4	3	1	-
Ms BO Dlamini	4	2	2	-
Mr T Sukazi	4	1	3	-
Mr O Mabena	4	3	1	-
Ms L P Shole	1	1	-	-
<b>Current Members</b>				
Mr K Kiewitz (Chairperson)	1	1	-	-
Ms Z Hill	4	4	-	-
Ms BN Nzo	1	1	-	-
Ms C Tshilande	1	1	-	-
Special Council Meetings	Total Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Apologies	Number of Attended Workshops
MS BO Dlamini (Former Chairperson)	2	2	-	-
Mr PWW Ximiya	2	2	-	-
Ms L P Shole	4	4	-	-
Ms R Matenche	2	2	-	-
Mr TM Sukazi	2	1	1	-
Mr O Mabena	2	2	-	-
<b>Current Members</b>				
Ms BN Nzo (Chairperson)	7	7	-	-
Ms P Thobejane	5	2	3	-
Ms Z Hill	5	5	-	-
Ms L Malema	5	3	2	-
Ms S Masiza	5	2	3	-
Ms Y D Mbane	5	2	3	-
Ms A Olifant	5	5	-	-
Ms C Tshilande	5	4	1	-
Mr K Kiewitz	5	4	1	-
Mr A Latchu	5	5	-	-
Mr J Maboja	5	3	2	-

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Council's Report

Special Human Resources and Remuneration Committee Meetings	Total Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Apologies	Number of Attended Workshops
<b>Current Members</b>				
Ms A Olifant (Chairperson)	5	5	-	-
Ms Z Hill	5	2	3	-
Ms Y D Mbane	5	5	-	-
Ms BN Nzo	5	2	3	-
Mr J Maboa	5	4	1	-

Special Project, Development and Funding Committee	Total Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Apologies	Number of Attended Workshops
<b>Former Members</b>				
Mr PWW Ximiya	2	1	1	-
<b>Current Members</b>				
Ms L P Shole (Chairperson)	2	-	2	-
Ms Z Hill (Former Chairperson)	2	2	1	-
Ms BN Nzo	2	2	-	-

\*These members are non-members of the Council however they were invited to the meetings as independent members. The current Council members were appointed on the 26 November 2021. Refer to Note 7 of the Council's Report for the changes regarding Council Members

### 11. Auditors

Nexia SAB&T will continue in office as external auditors until the end of the current year.

### 12. Irregular expenditure

There is irregular expenditure in the current financial year (2022: R356,275,955) (2021: R225,663,370). At the time of reporting for the 2021/22 financial year, there were matters under assessment in line with the Irregular Expenditure Framework as published by the National Treasury. These assessments may result in additional irregular expenditure but the nature and extent at reporting date have not been established. Refer to Note 19 of the Annual Financial Statements

### 13. Fruitless and wasteful expenditure

There is no fruitless and wasteful expenditure in current financial year.



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Statement of Financial Position as at 31 March 2022

	Note(s)	2022 R	2021 Restated* R
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	1 594 729	22 082 144
Cash and cash equivalents	4	1 150 576 943	1 211 760 604
		<b>1 152 171 672</b>	<b>1 233 842 748</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	5 541 127	5 966 783
Intangible assets	6	3 267 785	3 291 720
		<b>8 808 912</b>	<b>9 258 503</b>
<b>Total Assets</b>		<b>1 160 980 584</b>	<b>1 243 101 251</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	7	855 635	1 036 347
Payables from exchange transactions	8	3 947 501	85 314 576
Recalled Grant Funds	9	-	41 912 791
Provisions	10	99 937 136	82 844 182
Residential Rent Relief Programme	11	297 930 828	300 000 000
		<b>402 671 100</b>	<b>511 107 896</b>
<b>Total Liabilities</b>		<b>402 671 100</b>	<b>511 107 896</b>
<b>Net Assets</b>		<b>758 309 484</b>	<b>731 993 355</b>
Accumulated surplus		758 309 484	731 993 355
<b>Total Net Assets</b>		<b>758 309 484</b>	<b>731 993 355</b>

### Statement of Financial Performance

	Note(s)	2022 R	2021 Restated* R
Revenue from non-exchange transactions	12	806 119 000	817 520 000
Other income	13	42 212 229	45 995
Operating expenses		(80 867 270)	(78 946 932)
Programme costs	16	(752 834 542)	(595 450 088)
<b>Operating surplus</b>	14	<b>14 629 417</b>	<b>143 168 975</b>
Interest income	15	11 686 713	12 581 506
<b>Surplus for the year</b>		<b>26 316 130</b>	<b>155 750 481</b>

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Statement of Changes in Net Assets

	Accumulated surplus R
<b>Balance at 01 April 2020</b>	<b>576 242 874</b>
Changes in net assets	
Surplus for the year	155 750 481
Total changes	155 750 481
<b>Restated* Balance at 01 April 2021</b>	<b>731 993 354</b>
Changes in net assets	
Surplus for the year	26 316 130
Total changes	26 316 130
<b>Balance at 31 March 2022</b>	<b>758 309 484</b>



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Cash Flow Statement

	Note(s)	2022 R	2021 Restated* R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government Grants		806 119 000	817 520 000
Interest income		11 686 713	19 223 670
Other income		299 438	45 995
		818 105 151	836 789 665
<b>Payments</b>			
Employee costs		(40 902 024)	(41 285 250)
Residential Rent Relief Programme		(2 069 172)	-
Programme costs		(752 834 542)	(485 509 579)
Suppliers		(79 768 868)	(56 542 538)
		(875 574 606)	(583 337 367)
<b>Net cash flows from operating activities</b>	17	<b>(57 469 455)</b>	<b>253 452 298</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(1 645 034)	(217 718)
Proceeds from sale of property, plant and equipment	3&5	-	110 000
Purchase of other intangible assets	6	-	(60 087)
<b>Net cash flows from investing activities</b>		<b>(1 645 034)</b>	<b>(167 805)</b>
<b>Cash flows from financing activities</b>			
Net movement from residential rent relief programme		(2 069 172)	300 000 000
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(61 183 661)</b>	<b>553 284 493</b>
Cash and cash equivalents at the beginning of the year		1 211 760 604	658 476 111
<b>Cash and cash equivalents at the end of the year</b>	4	<b>1 150 576 943</b>	<b>1 211 760 604</b>

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
Government Grants	857 619 000	(51 500 000)	<b>806 119 000</b>	806 119 000	-	26
Interest received	-	-	-	11 686 713	<b>11 686 713</b>	26
Other income	-	-	-	42 212 229	<b>42 212 229</b>	9 & 13
	<b>857 619 000</b>	<b>(51 500 000)</b>	<b>806 119 000</b>	<b>860 017 942</b>	<b>53 898 942</b>	
<b>Expenses</b>						
Compensation of employees	44 004 000	-	<b>44 004 000</b>	40 902 024	<b>(3 101 976)</b>	26
Council remuneration	1 820 000	-	<b>1 820 000</b>	1 325 995	<b>(494 005)</b>	
Operating expenses	65 149 000	-	<b>65 149 000</b>	38 639 251	<b>(26 509 749)</b>	
Programme costs	746 646 000	(51 500 000)	<b>695 146 000</b>	752 834 542	<b>57 688 542</b>	26
<b>Total expenditure</b>	<b>857 619 000</b>	<b>(51 500 000)</b>	<b>806 119 000</b>	<b>833 701 812</b>	<b>27 582 812</b>	
<b>Surplus for the year</b>	-	-	-	<b>26 316 130</b>	<b>(26 316 130)</b>	
<b>Significant operating expenses</b>						
Advertising	600 000	-	<b>600 000</b>	1 113 698	<b>513 698</b>	26
Audit fees	1 227 725	-	<b>1 227 725</b>	1 500 971	<b>273 246</b>	
Lease payments	3 976 000	-	<b>3 976 000</b>	4 535 501	<b>559 501</b>	26
Legal fees	4 082 549	-	<b>4 082 549</b>	5 910 796	<b>1 828 247</b>	26
Preservation costs	1 900 000	-	<b>1 900 000</b>	915 130	<b>(984 870)</b>	26
Professional fees	14 692 876	-	<b>14 692 876</b>	14 344 252	<b>(348 624)</b>	26
Travel and subsistence	600 000	-	<b>600 000</b>	1 125 029	<b>525 029</b>	26
	<b>27 079 150</b>	-	<b>27 079 150</b>	<b>29 445 377</b>	<b>2 366 227</b>	

#### Retention of Surpluses

National Treasury has approved the retention of surpluses for the 2021 financial year.





## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including interpretations, guideline and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act (Act 1 of 1999).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

##### 1.1 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for the foreseeable future.

##### 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 judgements 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:

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Provisions are recognised when the entity has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. Provisions are not recognised for future operating losses.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Accounting Policies

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

The Social Housing Regulatory Authority'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 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.

#### Other significant judgements

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

#### 1.3 Property, plant and equipment

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Items of property, plant and equipment are depreciated from 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



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Accounting Policies

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The residual value, and the useful life and depreciation method are reviewed when there is an indication that the entities expectation 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 includes assets that are approaching the end of their useful life, planned replacement or refurbishment of assets, technology changes or change in use in 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 the 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.

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 previous estimate.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Accounting Policies

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

The amortisation charge for each period is recognised in surplus or deficit.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	2 years

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

#### 1.5 Financial instruments

A financial asset is:

- cash;
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Accounting Policies

Class	Category
Payables from exchange transactions	Financial liability measured 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 are recognised as an operating lease asset or liability.

#### 1.8 Employee benefits

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

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Accounting Policies

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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 entity 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 entity 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 entity 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 an entity pays fixed contributions into a separate entity (a 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 entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise 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 fund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Where contributions to defined contribution plan do not fall 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.



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Accounting Policies

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#### 1.9 Provisions and contingencies

Provisions are recognised when:

- the entity 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.

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.

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

#### 1.10 Revenue from non-exchange transactions 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 entity 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 entity.

When, as a result of a non-exchange transaction, the entity 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

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Accounting Policies

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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.

#### 1.11 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.

#### 1.12 Budget information

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

The approved budget covers the fiscal period from 01 April 2021 to 31 March 2022.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

#### 1.13 Related parties

The entity 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.





## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022 R	2021 R
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#### 1. New standards and interpretations

##### 1.1 Standards and interpretations issued, but not yet effective

The entity 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 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
•GRAP 25 Employee Benefits	April 1, 2022	Unlikely there will be a material impact
• GRAP 104 - Financial Instruments	April 1, 2022	Unlikely there will be a material impact

#### 2. Receivables from exchange transactions

Consolidated Capital Grant Recoverables	-	20 390 108
Prepayments	519 185	512 335
Deposits	1 069 701	1 069 701
Sundry receivables	5 843	110 000
	<b>1 594 729</b>	<b>22 082 144</b>

##### Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

Prepayments	519 185	512 335
Financial asset receivables included in receivables from exchange transactions above	1 075 544	21 569 809
<b>Total receivables from exchange transactions</b>	<b>1 594 729</b>	<b>22 082 144</b>

##### Deposits

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

##### Consolidated Capital Grant recoveries

##### Social Housing Institutions

Salamax 434 NPC - Helderwyk Ext 6 - Ship 7A	-	7 033 179
Kenso (Pty) Ltd - Hillside View - Ship 8B	-	13 356 929
	-	<b>20 390 108</b>

This was not a receivable in the normal course of business. It arose originally through the recovery of irregular expenditure. This amounts have been recovered in the current financial year.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

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#### Trade and other receivables pledged as security

No receivables were pledged as security.

#### 3. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	1 354	1 297
Bank balances	346 959 321	325 230 217
Call accounts	803 582 864	886 494 132
Debit cards	33 404	34 958
	<b>1 150 576 943</b>	<b>1 211 760 604</b>

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## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022 R	2021 R
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#### 4. Cash and cash equivalents (continued)

##### 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:

##### Credit rating

Ba1 - First National Bank (Moody's Rating)	1 150 576 943	1 211 760 604
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#### 5. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2 448 721	(788 034)	1 660 687	2 677 269	(794 156)	1 883 113
IT equipment	3 489 122	(1 418 246)	2 070 876	3 978 032	(2 593 949)	1 384 083
Leasehold improvements	5 363 301	(3 666 420)	1 696 881	5 121 907	(2 593 760)	2 528 147
Motor vehicles	357 719	(250 403)	107 316	357 719	(250 403)	107 316
Office equipment	53 663	(48 296)	5 367	641 233	(577 109)	64 124
<b>Total</b>	<b>11 712 526</b>	<b>(6 171 399)</b>	<b>5 541 127</b>	<b>12 776 160</b>	<b>(6 809 377)</b>	<b>5 966 783</b>

##### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	1 883 113	6 045	(226 669)	(1 802)	1 660 687
IT equipment	1 384 083	1 397 595	(559 265)	(151 537)	2 070 876
Leasehold improvements	2 528 147	241 394	(1 072 660)	-	1 696 881
Motor vehicles	107 316	-	-	-	107 316
Office equipment	64 124	-	-	(58 757)	5 367
	<b>5 966 783</b>	<b>1 645 034</b>	<b>(1 858 594)</b>	<b>(212 096)</b>	<b>5 541 127</b>

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

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#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	2 103 737	4 941	-	(225 565)	-	1 883 113
IT equipment	1 788 235	63 293	(120 479)	(342 779)	(4 187)	1 384 083
Leasehold improvements	3 403 045	149 484	-	(1 024 382)	-	2 528 147
Motor vehicles	107 316	-	-	-	-	107 316
Office equipment	65 516	-	-	(1 392)	-	64 124
	<b>7 467 849</b>	<b>217 718</b>	<b>(120 479)</b>	<b>(1 594 118)</b>	<b>(4 187)</b>	<b>5 966 783</b>

#### Other information

Repairs and maintenance incurred relating to property, plant and equipment is R71 042: 2021 (R73 202)

#### Property, plant and equipment fully depreciated and still in use (Residual value)

Motor Vehicles	107 316	107 316
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## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022 R	2021 R
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#### 6. Intangible assets

	2022			2021		
	Cost	Accumulated depreciation and Accumulated impairment	Carrying value	Cost	Accumulated depreciation and Accumulated impairment	Carrying value
Computer software	4 572 138	(1 304 353)	3 267 785	4 572 138	(1 280 418)	3 291 720

#### Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	3 291 720	(23 935)	3 267 785

#### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	3 275 082	60 087	(43 449)	3 291 720

Premises	855 635	1 036 347
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#### 7. Operating lease liability

The operating lease liability relate to the rental of premises of the entity which have been negotiated for a 5 year period commencing 01 September 2018 with a yearly increase of 8.5%. The terms of the rental agreement do not include a renewal or purchase option.

#### 8. Payables from exchange transactions

Trade payables	4 637	1 046 598
Accrued expenses	1 695 228	82 276 885
Accrued leave pay	2 242 493	1 986 908
Corporate Card	5 143	4 185
	<b>3 947 501</b>	<b>85 314 576</b>

Social Housing Regulatory settled majority of creditors before year end. Payables are settled on invoice or 30 day terms.

Accrued expenses for the current year comprise operation expenditure. The comparative figure includes the programme costs and operational expenditure that had been incurred at year end but not yet paid.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

			2022 R	2021 R
<b>9. Recalled Grant Funds</b>				
<b>Province/Institution Gauteng Province</b>	Project	Programme*		
Johannesburg Social Housing Company	City Deep	SHIP 3B	-	30 509 516
Gabonewe Housing Estate	Phase 1 Gabonewe	SHIP 6A	-	8 500 807
			-	<b>39 010 323</b>
<b>Western Cape Province</b>				
Western Cape Province	Institutional	Institution	-	245 351
Domus Social Housing - liquidated	Investment E-Junction Phase 1	Investment SHIP 3B	-	2 657 117
			-	<b>2 902 468</b>
			-	<b>41 912 791</b>

Recalled Grant Funds (SHIP\* Projects) relate to amounts that were disbursed in prior years to qualifying grant recipients using a Social Housing Institution imprest account, the balances on these accounts were repatriated to the SHRA over the years.

Due to uncertain timing of future expenditure on the above mentioned social housing projects a management decision was taken to derecognise the liability.

The recalled grant fund could no longer meet the definition of a liability as there was no present obligation to discharge at year end

\*SHIP - Social Housing Investment

## 10. Provisions

### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Provision for bonuses	2 979 431	2 227 524	(2 725 754)	2 481 201
Interest earned capitalisation	79 864 751	23 175 045	(5 583 861)	97 455 935
	<b>82 844 182</b>	<b>25 402 569</b>	<b>(8 309 615)</b>	<b>99 937 136</b>



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Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022 R	2021 R
<b>Reconciliation of provisions - 2021</b>		
	Opening Balance	Additions
	Utilised during the year	Total
Provision for bonuses	3 171 184	2 979 431
	(3 171 184)	2 979 431
Interest earned capitalisation	83 053 975	7 987 294
	(11 176 518)	79 864 751
	<b>86 225 159</b>	<b>10 966 725</b>
	<b>(14 347 702)</b>	<b>82 844 182</b>

The bonus is a short-term performance incentive determined according to the approved performance management policy. The payment of this incentives is considered subsequent to the audit processes in the period of September, annually.

The interest earned capitalisation constitutes of interest earned on various project bank sub-accounts held by the Social Housing Regulatory Authority over the years. In terms of the capital grant contracts and policies, the Social Housing Regulatory Authority may at its discretion, approve use of interest on capital grants for project enhancements. Any unutilised interest will be recognised as revenue in future, but the basic principle of this provision is to re-invest interest back into the social housing sector to improve quality and sustainability.

	2022 R	2021 R
<b>11. Residential Rent Relief Programme</b>		
Balance at the beginning of the year	300 000 000	300 000 000
Disbursements during the year	(2 069 172)	-
	<b>297 930 828</b>	<b>300 000 000</b>

The Residential Rent Relief Programme have been developed by the Department in order to cater for low-income earners. The intent of the Rent Relief Programme is to provide temporary financial relief to residential low-income tenants and landlords, in circumstances where tenants have been unable and are unable to meet their rental obligations as consequence of financial distress associated with the COVID-19 lockdown.

The Residential Rent Relief Programme is not a permanent grant and serves the purpose of protecting the long-term sustainability of the Social Housing Programme so that achievement of the policy objectives of this Programme is not undermined.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

#### 12. Revenue from non-exchange transactions

Government grants	806 119 000	817 520 000
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#### 13. Other income

SETA fund recoveries	51 658	45 995
Impairment Recovery	166 821	-
Insurance Claim	21 596	-
Staff Recoveries	59 363	-
Recalled Grant Fund*	41 912 791	-
	<b>42 212 229</b>	<b>45 995</b>

\*Refer to note 9

#### 14. Operating surplus

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

##### Operating lease charges

Premises

• Straight lined amounts Equipment	4 374 309	4 238 971
• Contractual amounts	161 192	200 758
	<b>4 535 501</b>	<b>4 439 729</b>

Depreciation and amortisation on property, plant and equipment	5	1 882 529	1 637 567
Employee costs		42 228 019	41 366 632
External and internal audit fee		1 500 971	1 570 538
Loss on sale of property, plant and equipment		-	10 479
Programme costs	16	752 834 542	595 450 088
Repairs and maintenance		71 042	73 202

#### 15. Interest income

Interest earned - Bank	11 686 713	12 581 506
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## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

			2022	2021
			R	R
<b>16. Programme costs</b>				
Province/Institution	Project	Programme	2022	2021
<b>Eastern Cape Province</b>				
Imizi Housing Utility NPC	John Str	SHIP 9D	3 962 641	76 932 194
Own Haven Housing Association NPC	Walmer	SHIP 7A	-	7 108 920
Qhama Social Housing Institute NPC	Cosmos Steve Biko	SHIP 5A	-	1 507 380
	Mumford			
			<b>3 962 641</b>	<b>85 548 494</b>
<b>Limpopo Province</b>				
Polokwane Housing Association	Annadale	SHIP 9E	-	47 975 429
				<b>47 975 429</b>
<b>North West Province</b>				
Bokone Social Housing	Tlhabane West	SHIP 11B	17 427 710	-
			<b>17 427 710</b>	<b>-</b>
<b>Gauteng Province</b>				
Arrow Creek Investments 25 (Pty) Ltd	Mogale Junction	SHIP 7D	-	23 699 057
Golden West Social Housing Institution NPC	Westonaria Borwa	SHIP 7C	-	21 508 482
Instratin Properties (Pty) Ltd	Carnival City	SHIP 8B	6 692 501	16 141 360
Instratin Properties (Pty) Ltd	Devland Ext 36	SHIP 5A	-	5 562 084
Instratin Properties (Pty) Ltd	Little Manhattan	SHIP 9E	711 934	10 880 727
Kertrade 24 (Pty) Ltd	Madison Loft	SHIP 9F	10 487 621	10 715 045
Lets Care South Africa NPC	Sondela Phase 1	SHIP 9C	972 082	5 715 845
The Housing Hub (Pty) Ltd	Mohlakeng	SHIP 9A	19 495 641	46 138 575
Toro Property Management NPC	GaRankuwa	SHIP 8D	97 747 658	50 780 624
YG Property (Pty) Ltd	Kempton Village	SHIP 9A	683 401	18 028 854
Castle Crest Properties 80 (Pty) Ltd	Joes Place	SHIP 10A	13 593	11 676 688
Lets Care South Africa NPC	Sondela Phase 2	SHIP 10C	41 057 146	5 600 000
Ekurhuleni Housing Company (Pty) Ltd	Clayville	SHIP 9C	19 202 593	23 291 534

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

			2022	2021
			R	R
<b>16. Programme costs</b>				
Province/Institution	Project	Programme	2022	2021
GNI Social Housing (Pty) Ltd	Unity House	SHIP 10B	18 652 259	4 724 894
YG Property (Pty) Ltd	Kempton Towers	SHIP 11B	46 586 754	6 570 271
JIDMAC Social Housing (Pty) Ltd	Fochville EXT 11	SHIP 10C	64 310 493	3 321 325
Ekurhuleni Housing Company (Pty) Ltd	Delville	SHIP 6A	9 213 860	-
JOSHCO (Pty) Ltd	Devland	SHIP 6A	10 146 610	-
Housing Company Tshwane	Townlands	SHIP 7C	73 281 436	49 061 416
Ekurhuleni Housing Company (Pty) Ltd	Germiston Firestation PH 2	SHIP 11D	8 248 608	-
Housing Company Tshwane NPC	Townlands PH2	SHIP 7C	27 144 135	-
Instratin Properties (Pty) Ltd	Midrand Heights	SHIP 12A	16 583 887	-
JIDMAC Social Housing NPC	Fochville EXT 8	SHIP 11B	62 628 156	-
Kenso (Pty) Ltd	Hillside	SHIP 8D	47 000 000	-



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

			2022	2021
			R	R
<b>16. Programme costs (continued)</b>			<b>580 860 368</b>	<b>313 416 781</b>
<b>Mpumalanga Province</b>				
Steve Tshwete Housing Association NPC	Hope City	SHP 9C	1 646 495	-
Goven Mbeki Housing Association NPC	Kwandokuhle	SHIP 10D	-	3 418 329
			<b>1 646 495</b>	<b>3 418 329</b>
<b>Kwa-Zulu Natal Province</b>				
Buhlebezwe Property NPC	Hospital Street	SHIP 10A	10 332 204	-
First Metro Housing Company NPC	Hamptons	SHIP 3A	-	6 197 078
Instratin Properties (Pty) Ltd	Bridge City	SHIP 9F	8 699 791	3 334 292
			<b>19 031 995</b>	<b>9 531 370</b>
<b>Western Cape Province</b>				
Communicare NPC	Bothasig	SHIP 9E	2 523 551	45 065 505
Community Housing Services NPC	Goodwood	SHIP 8B	771 262	-
Povicom NPC	Regent Villa	SHIP 8D	1 146 942	1 663 459
Povicom NPC	Regent Villa	SHIP 10D	-	1 060 311
Urban Status Rentals NPC	The Block (Glenhaven)	SHIP 5A	5 833 429	27 312 354
Own Haven Housing Association NPC	Conradie	SHIP 10C	82 665 084	47 791 191
Madulamhoho	Maitland Mews	SHIP 11B	13 243 219	-
Povicom NPC	Regent Villa	SHIP 10B	10 043 629	-
			<b>116 227 116</b>	<b>122 892 820</b>
<b>Northern Cape Province</b>				
South Africa Swedish International Housing Company	Hull Street	SHIP 10C	5 634 398	4 444 405
<b>Total Consolidated Capital Grants</b>			<b>744 790 731</b>	<b>587 227 628</b>
<b>Institutional Investment Grants</b>				
General Capacitation Grant			7 355 156	7 536 351
Project Feasibility Grant			-	227 738
Staff Gear-up Grant			688 655	915 775
			<b>8 043 811</b>	<b>8 679 864</b>
<b>Total Grants</b>			<b>752 834 542</b>	<b>595 450 088</b>

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

#### Consolidated Capital Grants

These programme costs relate to capital grants to social housing 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
- Ad-hoc grants linked to institutional business planning and other programme related support grants

	2022	2021
	R	R
<b>17. Cash (used in) generated from operations</b>		
Surplus	26 316 130	155 750 481
<b>Adjustments for:</b>		
Depreciation, amortisation and impairments	1 882 529	1 637 567
Loss on sale of asset	-	10 479
Impairments	212 096	4 187
Movements in operating lease assets and accruals	(180 712)	165 530
Movements in provisions	17 092 951	(3 380 976)
Recalled Grant Fund	(41 912 791)	8 500 807
<b>Changes in working capital:</b>		
Receivables from exchange transactions	20 487 415	40 608 575
Payables from exchange transactions	(81 367 073)	50 155 648
	<b>(57 469 455)</b>	<b>253 452 298</b>



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022	2021
	R	R

#### 18. Contingencies Contingent assets

The Social Housing Regulatory Authority deems it necessary to disclose contingent assets in respect of the following transactions:

##### **TBGI Holdings (Pty) Ltd - Soweto City - SHIP 8B**

A total amount of R26,724,812 has been paid in terms of a consolidated capital grant agreement which was subsequently identified as irregular expenditure in the previous financial year. Legal proceedings have been instituted against TBGI Holdings (Pty) Ltd of which the outcome of the court case is uncertain. Inflow of economic benefits is probable. We are currently awaiting the Court judgement.

##### **Toproot Property Management (Pty) Ltd - Riverlea - SHIP 4B and SHIP 9C**

A total amount of R9,755,865 has been paid in terms of a consolidated capital grant agreement. This amount was utilized by Toproot to pay its supplier, Valumax, who was both the developer and land owner to the project. Toproot instituted legal proceedings against Valumax to recover the amount as a result of breach of contract by Valumax which resulted in the collapse of the project. The recoverability of the amount by the Social Housing Regulatory Authority is dependent on the outcome of the court case between Toproot and Valumax. The SHRA is currently engaging with the stakeholders to revive the project and to implement the project through another Social Housing Institution.

##### **Housing "Authority" of East London (HAEL)**

HAEL's contract was canceled in April 2020 due to non-performance. An amount of R8,009,699 was previously disbursed. There are currently discussions between the SHRA and the grant recipient. The recoverability is dependent on the outcome which may result in a litigation process. HAEI is required to file an answering affidavit by 06 July 2022. The matter is to be heard in court by 26 July 2022 for phase 3. This is to get access to their bank statements in order to ascertain how the funds were used.

##### **Manapendlo Social Housing Institution NPC**

As at 31 March 2021, the SHRA was taking the strategy of recovering the funds from Manapendlo for failure to meet FC. This approach would require the appointment of attorneys and making an application in court. In August 2021 Manapendlo contacted the SHRA to engage on the alternative options available to Manapendlo. The SHRA advised Manapendlo that the other alternative to returning the funds would be to transfer the land to the HDA to hold on behalf of the SHRA. Following these engagements Manapendlo agreed for this process to take place. The grant recipient has since been placed under business rescue and the SHRA is in discussions with the business rescue practitioner to request to continue with the transfer. Once the transfer is finalised the SHRA identifies will identify an alternate delivery agent to take over the project.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

#### Hlalanathi Social Housing Association NPC.

The Restructuring Consolidated Grant was cancelled due to failure to meet financial closure. An amount of R28,000,552 was previously disbursed. This matter has been referred for Arbitration to recover the disbursed funds. The intention is to deliver this project via an alternate delivery agent.

	2022	2021
	R	R
<b>19. Irregular expenditure</b>		
Opening balance as previously reported	225 663 370	225 663 370
<b>Opening balance</b>	225 663 370	225 663 370
Add: Irregular Expenditure - current	280 767 785	-
Add: Irregular Expenditure - prior period	48 783 358	-
Less: Irregular Expenditure removed	(198 938 558)	-
<b>Closing balance</b>	<b>356 275 955</b>	<b>225 663 370</b>

The opening balance of irregular expenditure relates to:

- Expenditure in respect of projects that do not meet the requirements of being located in a restructuring zone as defined in the Social Housing Act. A restructuring zone means a geographical area which has been (a) identified by the municipality, with the concurrence of the provisional government, for purposes of social housing; and (b) designated by the Minister in the Gazette for approved projects.

For the following projects:

- Toro Property Management NPC - SHIP 8D GaRankuwa was paid cumulatively R144,581,629 (2020/21: R59,910,438 2019/20: R84,671,191)
- Kenso (Pty) Ltd - SHIP 8B Hillside View was cumulatively paid R54,356,929 (2019/20: R9,671,653 2018/19: R44,685,276)
- Expenditure resulting from the capital grant award to Soweto City that did not fully comply with the SHRA's Regulation

19(1)(a). Regulation 19 requires that the land rights criteria be met at award as either owned land or land from public sector for a minimum period of 30 years

For the following project:

- TBGI Holdings (Pty) Ltd - SHIP 8B Soweto City was cumulatively R26,724,812 (incurred in 2019/20)



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

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The irregular expenditure in the current year relates to:

- Irregular expenditure resulting from non-compliance to Section 9 of the Social Housing Act, 2008 (Act No.16 of 2008), due to an interim Council being in place for two consecutive financial year. The irregular expenditure is a consequence of transactions being processed following resolutions taken by the Interim Council with regards to CCG project approvals and ensuing disbursements, payroll related approvals remuneration paid and other costs incurred for the Interim Council.

- In cases of procurement within the threshold of more than R2,000 but not exceeding R30,000, three written quotations were not obtained per the provisions of PFMA Instruction Note 2 of 2021/22

#### Matters under assessment

At the time of reporting for the 2021/22 financial year, there were matters related to supply chain procurement under assessment in line with the Irregular Expenditure Framework as published by the National Treasury. These assessments may result in additional irregular expenditure but the nature and extent at reporting date have not been established.

#### Incidents/cases identified in the current year include those listed below:

##### Disciplinary steps taken/criminal proceedings

Supply Chain Management 3 quotations not obtained	Under determination	48 109	
Expenditure approved by interim council	Not required	280 719 676	-
Expenditure approved by interim council - prior period		48 783 358	-
		<b>329 551 143</b>	-

##### Details of irregular expenditure removed after National Treasury approval - (not condoned)

Projects now within gazetted restructuring zone; therefore amounts recovered and reimbursed

Toro Property Management NPC	(144 581 629)	-
Kenso (Pty) Ltd	(54 356 929)	-
	<b>(198 938 558)</b>	-

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022	2021
	R	R
<b>20. Commitments</b>		
Authorised capital expenditure		
<b>Already contracted for but not provided for</b>		
• Consolidated Capital Grant	3 393 759 393	3 323 936 850
• Less: Accrued amounts	-	(81 689 420)
• Provincial Institutional Grant	69 988 439	185 193 994
<b>Closing balance</b>	<b>3 463 747 832</b>	<b>3 427 441 424</b>
<b>Not yet contracted for and authorised by members</b>		
• Consolidated Capital Grant	-	380 166 091
<b>Total capital commitments</b>		
Already contracted for but not provided for	3 463 747 832	3 427 441 424
Not yet contracted for and authorised by members	-	380 166 091
<b>Closing balance</b>	<b>3 463 747 832</b>	<b>3 807 607 515</b>

#### Authorised operational expenditure

##### Already contracted for but not provided for

21 Century Pay Solutions Group (Pty) Ltd	396 201	367 080
ABMI Research Institute	255 600	-
ADA Group	-	402 760
Africa International Advisors	-	261 700
Alcari Consulting	200 025	397 900
Architecture Fabrik	149 500	-
Arms Audit and Risk Management Solutions	483 000	-
Basadi Integrated Development Specialists cc	431 188	-
Bigen Africa Services (Pty) Ltd	-	281 136
Boldmoves63 (Pty) Ltd	122 544	-
Continuity SA (Pty) Ltd	175 088	175 087
Deep Black	363 500	-
Deloitte and Touche	-	75 773
Delta Built Environment consultants	89 625	-
Dynafrica IT Solutions	518 724	-
Eloshiba Capital (Pty) Ltd	284 447	284 446





## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

Excel International (Pty) Ltd	-	23 100
Forensic Accounting	-	95 792
Galix Networking (Pty) Ltd	-	3 072
Ikatane ICT	1 282 998	-
Ilse Martin Projects	-	186 472
Insight2 FutureDotCom (Pty) Ltd	-	1 061 335
JEC Technologies Group (Pty) Ltd	3 077 054	50 025
Kuhle Solutions and Development Services CC	348 968	498 525
LDM Facilities Management Services	-	675 114
Lenakamo Projects (Pty) Ltd	25 070	-
Mintirho Development Services	412 850	-
NASHO	539 310	-
Nestle (South Africa) Pty Ltd	272 342	-
Nexia SAB & T Chartered Accountants Incorporated	2 080 001	-
nVisionIT (Pty) Ltd	2 893 179	3 813 840
Peter Gross (Pty) Ltd	-	144 250
Phunga Consulting Engineers	-	264 733
Rain Chartered Accountants Inc	40 457	-
Ramokgadi Trading (Pty) Ltd	-	296 043
Sage Computer Technologies (Pty) Ltd	-	447 152
Sizwe Ntsaluba Gobodo Grant Thornton Advisory Services	-	158 097
The Document Warehouse (Pty) Ltd	86 459	-
Themolo Business Enterprise CC	-	122 293
Tswelle Engineering Projects	-	378 017
Urban-Econ	201 352	41 446
Vortex Training Systems CC	-	1 157 319
	<b>14 729 482</b>	<b>11 662 507</b>
Total operational commitments	14 729 482	11 662 507

This commitments relates to the contractual arrangement on items that meet project milestones in the investment programme related to social housing projects and disbursements will be from will be existing cash resources, retained surpluses and future MTEF budget allocations.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	4 795 357	4 419 684
- in second to fifth year inclusive	2 065 487	6 860 844
	<b>6 860 844</b>	<b>11 280 528</b>

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 a escalation of 8.5% per year (2020: 8.5%). No contingent rent is payable.

## 21. Related parties

### Relationships

Controlling entity National Department of Human Settlements

### Related party transactions Revenue received from related parties

National Department of Human Settlements 806 119 000 817 520 000

### Remuneration of management Executive Management Remuneration

#### 2022

Name	Basic salary	Bonuses and performance related payments	Expense allowances	Other benefits received	Total
Acting Chief Executive Officer:					
Mr D Koekemoer	1 726 120	148 812	24 000	86 981	1 985 913
Corporate Services Manager:					
Ms A Puoane *	1 366 541	211 405	10 500	77 055	1 665 501
Acting Corporate Services Manager:					
Mr V Fakudze	1 624 949	185 227	14 000	97 205	1 921 381
	<b>4 717 610</b>	<b>545 444</b>	<b>48 500</b>	<b>261 241</b>	<b>5 572 795</b>



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022	2021
	R	R

#### 21. Related parties (continued)

##### 2021

Name	Basic salary	Bonuses and performance related payments	Expense allowances	Other benefits received	Total
Chief Executive Officer: Mr R Gallocher	2 479 376	355 710	95 931	456 061	3 387 078
Acting Chief Executive Officer: Ms MM Nkopane	13 796	-	-	-	13 796
Corporate Services Manager: Ms A Puoane	2 048 879	151 683	18 000	123 821	2 342 383
	<b>4 542 051</b>	<b>507 393</b>	<b>113 931</b>	<b>579 882</b>	<b>5 743 257</b>

\*Ms A Puoane resigned as the Corporate Services Manager on the 05 November 2021

#### Executive managers

##### 2022

Name	Basic salary	Bonuses and performance related payments	Expense allowances	Other benefits received	Total
Compliance, Accreditation and Regulation Executive: Ms MM Nkopane	1 842 915	189 461	44 000	77 957	2 154 333
Acting Sector Development & Transformation Executive: Ms J D N Phoswa	784 495	82 275	4 000	32 570	903 340
Project Development & Funding Executive: Mr L Letsoalo	1 668 961	208 814	24 000	105 403	2 007 178
Acting Sector Development & Transformation Executive: Mr J Mofokeng	806 533	82 275	12 000	32 570	933 378
	<b>5 102 904</b>	<b>562 825</b>	<b>84 000</b>	<b>248 500</b>	<b>5 998 229</b>

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

2021

	Basic salary	Bonuses and performance related payments	Total
<b>Name</b>			
Compliance, Accreditation and Regulation Executive:			
Ms MM Nkopane	1 447 281	-	1 447 281
Sector Development & Transformation Executive:			
Mr D Koekemoer	1 429 553	141 686	1 571 239
Project Development & Funding Executive:			
L Letsoalo	1 598 424	159 051	1 757 475
	<b>4 475 258</b>	<b>300 737</b>	<b>4 775 995</b>



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022	2021
	R	R

#### 22. Financial instruments disclosure Categories of financial instruments 2022

##### Financial assets

At amortised cost		
Receivables from exchange transactions		1 075 544
Cash and cash equivalents		1 150 576 943
		<b>1 151 652 487</b>

##### Financial liabilities

At amortised cost		
Payables from exchange transactions		3 947 501

#### 2021

##### Financial assets

At amortised cost		
Receivables from exchange		21 569 809
Cash and cash equivalents		1 211 760 604
		<b>1 233 330 413</b>

##### Financial liabilities

At amortised cost		
Payables from exchange transactions		85 314 576

#### 23. Risk management Financial risk management

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

##### 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 abnormal 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.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022	2021
	R	R
<b>At 31 March 2022</b>		
	Less than 1 year	Total
Trade and other payables	3 947 501	3 947 501
<b>At 31 March 2021</b>		
	Less than 1 year	Total
Trade and other payables	85 314 576	85 314 576

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

#### 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 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.

#### 24. Segment information General information Identification of segments

The entity is organised and reports to management on the basis of five major functional areas: Consolidated Capital Grant, Operational Grant, Institutional Grant, Regulations and Residential Rent Relief Programme. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. All operations are centralised.

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



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022		2021			
	R		R			
<b>Segment surplus or deficit, assets and liabilities</b>						
<b>2022</b>						
	Consolidated Capital Grant	Operational Grant	Institutional Investment Grant	Regulations	Residential Rent Relief Programme	Total
<b>Revenue</b>						
Grants received	713 146 000	60 848 000	22 725 000	9 400 000	-	806 119 000
Interest income	-	2 153 530	-	-	9 533 183	11 686 713
Other income	42 079 612	132 617	-	-	-	42 212 229
<b>Total segment revenue</b>	<b>755 225 612</b>	<b>63 134 147</b>	<b>22 725 000</b>	<b>9 400 000</b>	<b>9 533 183</b>	<b>860 017 942</b>
<b>Entity's revenue</b>						<b>860 017 942</b>
<b>Expenditure</b>						
Advertising	-	828 783	-	-	284 915	1 113 698
Audit fees	-	1 500 971	-	-	-	1 500 971
Bank Charges	-	42 425	-	-	-	42 425
Professional fees	-	7 781 816	510 306	4 180 130	1 872 000	14 344 252
Depreciation and amortisation	-	1 882 529	-	-	-	1 882 529
Employee costs	-	42 228 019	-	-	-	42 228 019
Programme costs	744 790 731	-	8 043 811	-	-	752 834 542
Lease rentals on operating lease	-	4 535 501	-	-	-	4 535 501
Legal expenses	-	5 910 796	-	-	-	5 910 796
Training and workshops	-	903 157	238 413	-	-	1 141 570
Travel	-	983 867	89 739	51 423	-	1 125 029
Other expenses	-	6 777 946	238 413	5 256	20 865	7 042 480
<b>Total segment expenditure</b>	<b>744 790 731</b>	<b>73 375 810</b>	<b>9 120 682</b>	<b>4 236 809</b>	<b>2 177 780</b>	<b>833 701 812</b>
<b>Total segmental surplus</b>						<b>26 316 130</b>

Figures in Rand

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022	2021
	R	R

#### 24. Segment information (continued)

##### 2021

Revenue	Consolidated Capital Grant	Operational Grant	Institutional Investment Grant	Regulations	Total
Grant received	725 747 000	58 204 000	22 428 000	11 141 000	817 520 000
Interest income	10 073 857	2 507 649	-	-	12 581 506
Other income	-	45 995	-	-	45 995
<b>Total segment revenue</b>	<b>735 820 857</b>	<b>60 757 644</b>	<b>22 428 000</b>	<b>11 141 000</b>	<b>830 147 501</b>
<b>Entity's revenue</b>					<b>830 147 501</b>
<b>Expenditure</b>					
Advertising	-	1 914 921	-	390 234	2 305 155
Audit fees	-	1 570 538	-	-	1 570 538
Professional fees	-	3 685 296	2 096 761	8 910 819	14 692 876
Depreciation and amortisation	-	1 637 567	-	-	1 637 567
Employee costs	-	41 366 632	-	-	41 366 632
Programme costs	587 227 628	-	8 222 460	-	595 450 088
Lease rentals on operating lease	-	4 439 729	-	-	4 439 729
Legal expenses	-	3 605 879	-	277 481	3 883 360
Training and workshops	-	1 647 891	16 860	14 140	1 678 891
Other expenses	-	7 117 988	202 641	51 555	7 372 184
<b>Total segment expenditure</b>	<b>587 227 628</b>	<b>66 986 441</b>	<b>10 538 722</b>	<b>9 644 229</b>	<b>674 397 020</b>
<b>Total segmental surplus</b>					<b>155 750 481</b>





## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022	2021
	R	R

#### 23. Prior period errors

Property, plant and equipment the impairment for computer software was incorrectly processed against the amortisation expense.

The corporate card balance which is a trade payable at 31 March 2021 was overstated, due to a timing difference in the transactions processed in March 2021 the net effect influenced the income statement and cash and cash equivalents balance. In the prior period the cash flow disclosure item for other cash item was overstated due to the timing difference.

The correction of the error(s) results in adjustments as follows:

##### Statement of financial position

Property, plant and equipment	-	104 057
Cash and cash equivalents	-	(2 228)
Trade and other payables	-	3 273

##### Statement of financial performance

Amortisation	-	(104 057)
Bank Charges	-	(1 045)

##### Cash flow statement

##### Cash flow from financing activities

Other cash item	-	(2 228)
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#### 26. Budget differences

##### Differences between budget and actual amounts basis of preparation and presentation

The budget and accounting basis differ. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget.

The budget is approved on a cash basis by functional classification. The approved budget covers the period from 1 April 2021 to 31 March 2022. The variance on the budget was as a result of the following;

- 26.1 Interest received. Unfavourable variance of 100%. Interest is not included in the budget as the intention is not to have any carried forward funds
- 26.2 Compensation of employees. Favourable variance of 7.05%. This is a result as their are roles vacant in the current year which have not been vacated.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

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- 26.3 Programme costs. Unfavourable variance of 8.30%. This is a result of high progress on projects which required funding
- 26.4 Advertising. Unfavourable variance of 85.62%. This was as a result of advertising for recruitment purposes to vacate the positions required.
- 26.5 Lease payments. Unfavourable variance of 14.07%. This was as a result of lease payments being under budgeted
- 26.6 Legal fees. Unfavourable variance of 44.78%. This is a result was labour matters and an increase in actions being brought by SHI's which the SHRA need to defend
- 26.7 Preservation costs. Favourable variance of 51.84%. This is a result of less holding costs being disbursed.
- 26.8 Professional fees. Favourable variance of 2.37%. This is a result of recruitment conducted in the current year which brought about a decrease in professional fees required.
- 26.9 Travel and subsistence. Unfavourable variance of 87.50%. This is a result of an ease in travel restrictions which meetings held physically rather than virtually.



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

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	2022	2021
	R	R

#### 24. Budget differences (continued)

##### Changes from the approved budget to the final budget

The budget adjustment is due to the National Treasury granted an approval in terms of section 5(1)(c) of the Appropriation Act, 2021 (Act No. 10 of 2001) for the Department to transfer R51,500m from the Consolidated Capital Grant appropriation to the Housing Development Agency.

## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

#### Supplementary information: Detailed Income Statement

	Note(s)	2022 R	2021 Restated* R
<b>Revenue</b>			
Government grants	12	806 119 000	817 520 000
<b>Other income</b>			
SETA Fund Recoveries		51 658	45 995
Impairment recoveries		166 821	-
Insurance Claim		21 596	-
Staff Recoveries		59 363	-
Interest received	15	11 686 713	12 581 506
Recalled Grant Fund		41 912 791	-
		<b>53 898 942</b>	<b>12 627 501</b>
<b>Operating expenses</b>			
Accounting fees		-	(192 052)
Advertising		(1 113 698)	(2 305 155)
Auditors remuneration - external and internal		(1 500 971)	(1 570 538)
Bank charges		(42 425)	(45 545)
Cleaning		(388 018)	(255 061)
Computer, IT and website expenses		(2 355 198)	(995 322)
Courier		(14 128)	(5 040)
Depreciation and amortisation		(1 882 529)	(1 637 567)
Donations		(49 000)	-
Employee costs		(42 228 019)	(41 366 632)
Entertainment		-	826
Impairments		(212 096)	(4 187)
Insurance		(377 765)	(359 991)
Lease rentals on operating lease		(4 535 501)	(4 439 729)
Legal expenses		(5 910 796)	(3 605 879)
Loss on disposal of assets		-	(10 479)
Motor vehicle expenses		(61 916)	(54 897)
Preservation costs		(915 130)	(2 381 729)
Printing and stationery		(233 648)	(386 931)
Professional fees		(14 344 252)	(15 109 072)
Programme costs	16	(752 834 542)	(595 450 088)



## Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2022

### Notes to the Audited Annual Financial Statements

	2022	2021
Note(s)	R	Restated*
	R	R
Repairs and maintenance	(71 042)	(73 202)
Staff welfare	(331 590)	(480 508)
Subscriptions	(438 435)	(250 025)
Telephone and fax	(585 820)	(420 870)
Training	(1 141 569)	(1 678 889)
Travel - local	(1 125 029)	(265 827)
Utilities	(1 008 695)	(1 052 631)
	<b>(833 701 812)</b>	<b>(674 397 020)</b>
<b>Surplus for the year</b>	<b>26 316 130</b>	<b>155 750 481</b>

This detailed income statement forms part of supplementary information and is unaudited.





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**Bankers** First National Bank Limited  
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