SHRA
Social Housing
Regulatory Authority

Social Housing Regulatory Authority

Annual Report 2015/2016

The theme of this year's Annual Report is **'advancing the National Social Housing Programme'**. The period under review has positioned the organisation through a new vision, a revised strategy and a newly appointed leadership, propelling the National Social Housing Programme forward and, in doing so, contributing towards the national priority of restructuring South African cities.

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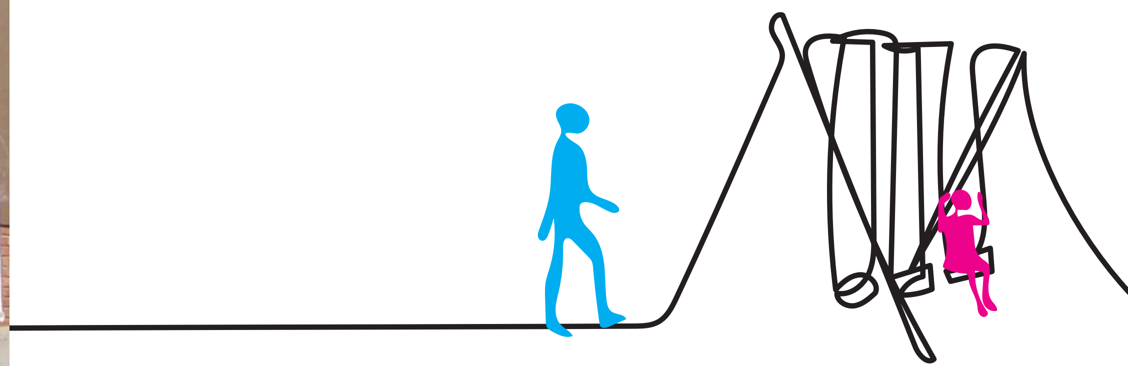


Foreword by the Chairperson

It is with great pleasure that I present the 2015/16 Annual Report for the Social Housing Regulatory Authority (SHRA). This report marks the end of the first year of Council's three year term at the SHRA, having been appointed by the Honourable Minister L. Sisulu, in March 2015. The 2015/16 financial year was the SHRA's sixth year in operation and, therefore, allowed the new leadership with opportunity to evaluate the entity's progress and performance within the previous five year period.

The entity's mandate is clear, social housing delivery must be scaled up in order to effect the anticipated social, economic and spatial restructuring intended of the social housing programme. The social housing programme plays a key role in contributing to the vision of the National Development Plan (NDP); the SHRA must create an enabling environment for the growth and development of social housing. The Medium Term Strategic Framework (MTSF), consisting of a five year period aligned to the electoral cycle, establishes the objectives for each period; the current MTSF period, 2014 – 2019, lays the foundation required to ensure achievement of the NDP's vision; the target for the SHRA is the delivery of 27 000 social housing units.

The entity's mandate is clear, social housing delivery must be scaled up in order to effect the anticipated social, economic and spatial restructuring intended of the social housing programme.

Z. Ngcakani
Chairperson

Continued:
Foreword by the Chairperson

The year under review was one of strategic planning, alignment of the entity's growth trajectory to the NDP and identification of potential blockages in the achievement of the MTSF target. Opportunity was given to review the work of the previous administration and reflect on the challenges facing the social housing sector and the role of the SHRA in particular. The Departments of Human Settlements and Planning, Monitoring and Evaluation's 'Impact and Implementation Evaluation of the Social Housing Programme' (2015) added greatly to this process. This report, whilst highlighting the many gains of the programme, identified the areas where greater collaboration and specific interventions were required.

One of the key milestones in the period under review was the appointment of a Chief Executive Officer (CEO). This position had been vacant for just over two years and the filling of this vacancy was of critical significance to the entity and sector as a whole. After a rigorous recruitment process, a new CEO was appointed and commenced work at the SHRA on 1 February 2016.

In a critical move towards addressing these challenges, the SHRA hosted a sector consultation workshop in March 2016. The workshop was well represented and attended by several Council members. It provided a platform to engage with a diverse range of stakeholders and opportunity to not only form closer working relationships but address issues of joint concern that together we must resolve. I would like to extend my appreciation for the participation of those who attended and contributed and hope that it will be but one of many such engagements.

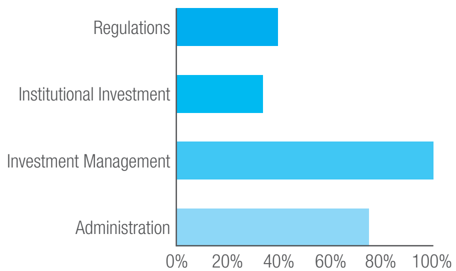
As Council Chairperson, I would like to thank my predecessor, Mr Ahmed Vawda, for his commitment to the social housing programme and providing guidance to the new Council. My gratitude goes to the Honourable Minister L. Sisulu, and the Portfolio Committee as well as our colleagues at the National Department of Human Settlements for their ongoing support. I would also like to thank the SHRA staff and Executive for their dedication to the work of the entity.

Z. Ngcakani
Chairperson

Chief Executive Officer's Overview

The period under review was one of significant change for the SHRA, preceded by the appointment of a new Council at the close of the 2014/15 financial year. The entity has benefited from the stability provided by the new leadership as well as its requisite explicit guidance as directed by the Honourable Minister L. Sisulu, who had announced in the previous year that the SHRA would be placed under administration. The Council faced the formidable task of revising the strategy of the entity to align to the given mandate and quell the internal and sector instabilities. The resultant performance of the entity against the predetermined objectives at the close of the period was an auspicious 55%.

The year-end programme performance is illustrated below:



The mandate of the SHRA is clear, it must support the growth of social housing development. The entity is equipped with various tools and grants to enable this supportive environment and manages the resultant risk through regulation and compliance.

R. Gallocher
Chief Executive Officer

Continued:
Chief Executive Officer's Overview

The Investment Management Programme achieved and exceeded its target for the period under review. This related to social housing units delivered, 3 054 units were accounted for adding to a combined contribution of 5 107 social housing units in the first two years of the Medium Term Strategic Framework period.

The Administration Programme achieved 6 out of the 8 annual targets. The 2 targets not achieved related to human resource management areas which were difficult to achieve given the entity's environment. However, an organisation design process will be embarked on in the forthcoming financial year that will address these areas of concern.

The Institutional Investment Programme achieved 2 out of 6 targets. The 4 targets not achieved related to approved and disbursed grants. Whilst a significant number of grants were approved, the SHRA was not able to disburse these in full in order to count the target as achieved.

The Regulatory Programme achieved 2 out of 5 targets. The 3 that were not achieved related to compliance areas, however, there are plans to review and revise the regulatory framework in the ensuing year, one that is more supportive and responsive to the sector.

The entity has attained an unqualified audit in the period under review, due to the strength of internal controls embedded in its operational framework. Initiatives were undertaken towards the end of the period to focus the entity's human capital on critical performance areas and gravitate the Council; management and staff toward a clear, strong purpose and results orientation. Significant inroads were made in the fourth quarter and efforts to align operations to the revised strategy will be supported through an Organisation Development project to be undertaken in the forthcoming financial year. It is anticipated that these benefits will be demonstrated through the elevated performance of the entity in the 2016/17 Annual Report.

The mandate of the SHRA is clear, it must support the growth of social housing development. The entity is equipped with various tools and grants to enable this supportive environment and manages the resultant risk through regulation and compliance. The SHRA aims to be a supportive Regulator and is cognisant that there cannot be regulation without first developing a thriving social housing sector. The SHRA's revised strategy emphasises the need for the National Social Housing Programme to ramp up delivery as only widespread social housing development can contribute to transformation of South African City Scapes and Town Scapes. Likewise, only well managed social housing estates of a high quality will contribute to the empowerment of residents.

Continued:
Chief Executive Officer's Overview

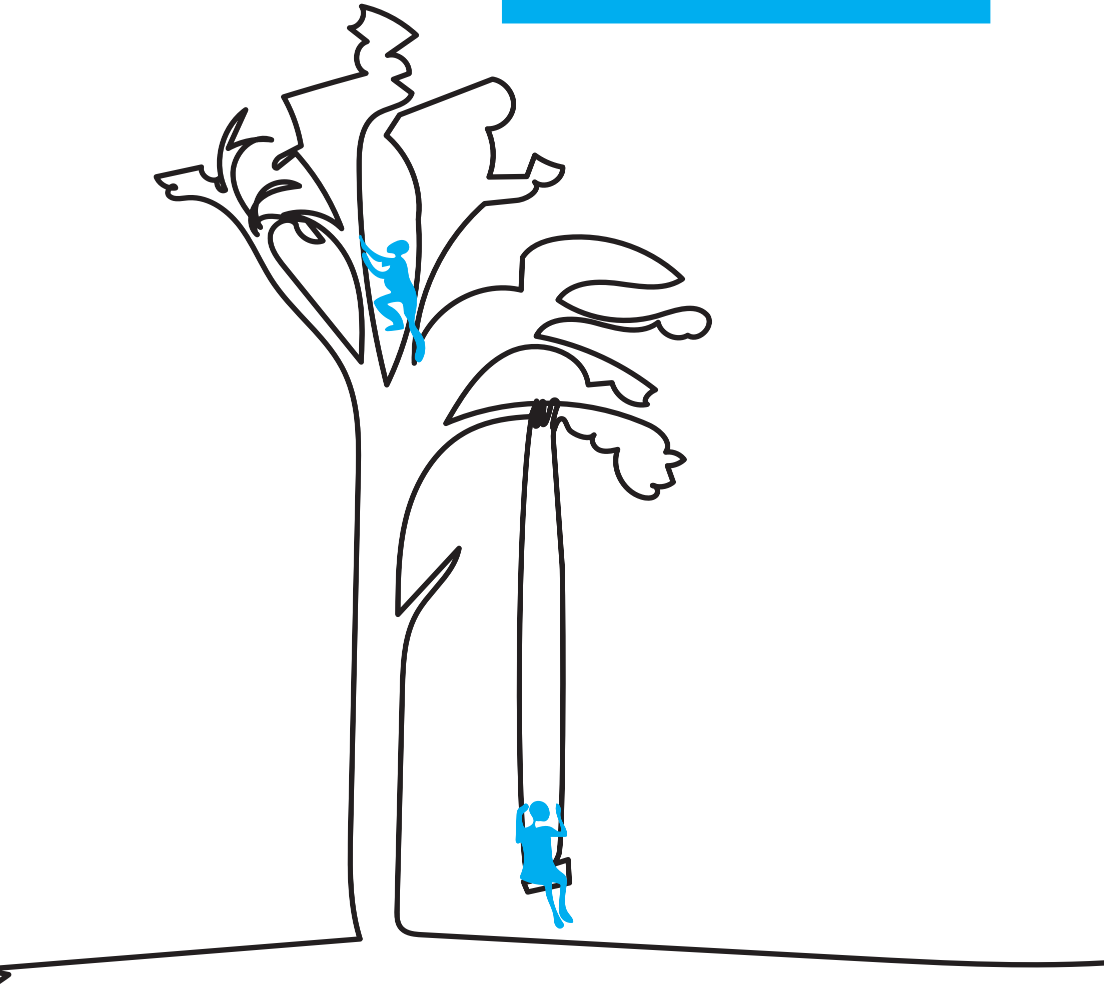
In order to achieve scaled up delivery, the SHRA intends to focus on building the confidence of all stakeholders, internally, with the Executive Authority, the National Department of Human Settlements, Council and staff of the entity, and externally with the Provinces; Local Authorities; Lenders; SHI's and delivery partners. Internally, the SHRA will focus on the development of policies; systems; plans and standard operating procedures to regulate and ensure compliance of our partners and our accredited implementing agents so that the ultimate beneficiary of the SHRA's service is well served (the tenants in the houses). SHRA will work proactively, with our partners to build the National Social Housing Programme Pipeline by engaging with the sector, lenders, Provinces and Local Authorities in a direct and supportive manner. This represents an intentional move from a remote but responsive Regulator to a development orientated and entrepreneurial SHRA; a SHRA that seeks out projects and partnerships with local and regional authorities; a SHRA committed to intervening in the urban space economy, to change and destabilise past patterns and to restructure Cities; a SHRA able to contribute to the vision of the National Development Plan and the transformation imperative. The development orientated and entrepreneurial SHRA aims to be a sharp instrument and agile implementer of policy, able to respond in a helpful way to support the achievement of South Africa's development objectives, cognisant of the critical role that social housing plays in reshaping South Africa's urban futures.

I would like to take this opportunity to thank those that have contributed to the achievements within the period under review, the staff; my management colleagues; the SHRA Council; my colleagues at the NDoHS, particularly the Director General; and the Honourable Minister L. Sisulu. I would like to acknowledge the Social Housing Institutions and Other Delivery Agents who ultimately deliver and sustain the programme. In addition, I wish to acknowledge the people for whom the SHRA, and our partners, ultimately serve – the South African public, the residents. Together, we strive to ensure their safety and happiness because their success is our own.

In conclusion, as much as we would wish to use this 2015/16 Report Card to further engage on the SHRA's planned interventions, we would rather ask that you allow us time to transform our energy and clarity of purpose into delivery. We commit to consistent and unwavering focus on results and are confident that the outcome of the 2016/17 financial year will be substantially more gratifying than this period under review.

R. Gallocher
Chief Executive Officer

Overview of the Entity



The Social Housing Regulatory Authority (SHRA) was established by the National Department of Human Settlements as prescribed by the Social Housing Act (No. 16 of 2008).

The SHRA is classified as a national Public Entity as per Schedule 3A of the Public Finance Management Act (No. 1 of 1999).

The SHRA's mandate is to capacitate the sector, through the institutional investment grant, invest in projects, through the Restructuring Capital Grant (RCG), and to regulate the sector, through the accreditation of SHIs and effective compliance monitoring. The relationship between these core functions is presented below:

Accreditation

- Set out qualifying criteria for accreditation and supporting documentation
- Assess applications for accreditation
- Make available institutional investment grants to provisionally accredited SHIs
- Maintain the public register of SHIs
- Collect performance and accreditation information from SHIs

Capital Investment

- Set out principles of investment and supporting documentation
- Issue an investment prospectus
- Develop the Social Housing Investment Programme (SHIP)
- Invest in project development
- Invest in sustainable social housing projects proposed by accredited institutions
- Work with other spheres of government to ensure programme is delivered
- Report on the performance of the sector and individual SHIs

Compliance

- Set out principles of regulation and supporting documentation
- Analyse performance data
- On the basis of this analysis develop the annual Social Housing Regulation Programme (SHoRP)
- Carry out inspections, visits and reviews
- Issue reports identifying non-compliance and make recommendations for improvement
- Intervene in the event of non-compliance
- Report on sector and individual SHI performance

Institutional Investment

- Contribute to the principles of investment, investment prospectus and SHIP
- Accredit and maintain a panel of service providers
- Invest in institutional support specified by the Compliance team
- Invest in institutional excellence projects submitted by SHIs
- Invest in sector support where specific to the SHI sector and identified in the SHIP [1]

[1] *Position Paper on the Administration of the Investment Function prepared for the SHRA by the RebelGroup SA, May 2016.*

Continued:
Overview of the Entity

Legislative and other mandates

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

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

Vision

Affordable rental homes in integrated urban environments through sustainable institutions.

Mission

To regulate and invest in order to deliver affordable, rental homes and renew communities.

Values

- Shared sense of purpose;
- Best use of resources;
- Atmosphere of openness;
- Regular review of progress;
- Build on experience; and
- Ride out the storm.

Strategic goals

Goal 1

To be a reputable and reliable regulator

- To be recognised as a national regulator on par with SARS and other credible regulators;
- To form partnerships with similar international organisations; and
- To provide an enabling, but responsive regulatory authority.

Goal 2

To be a good custodian/steward of state resources

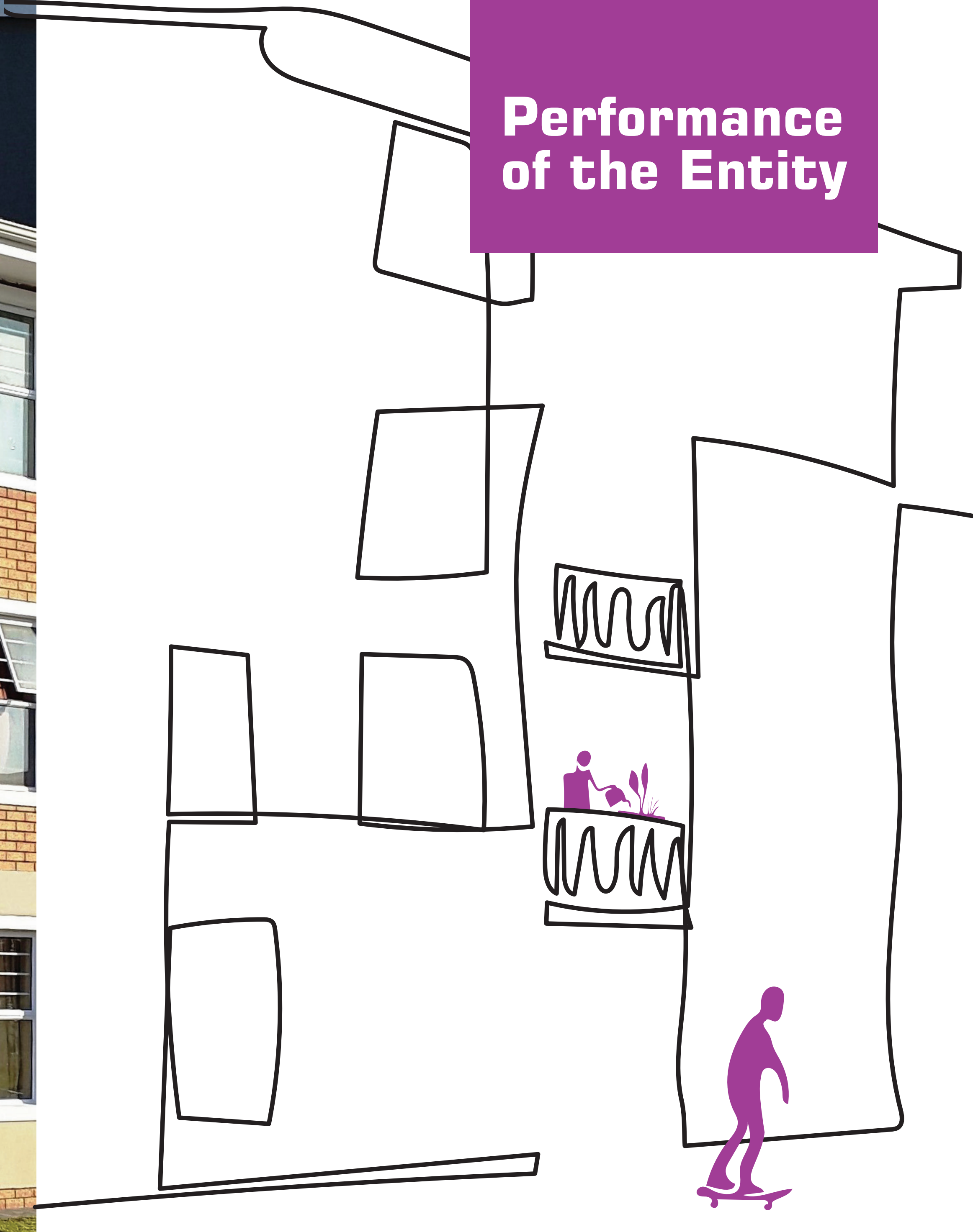
- To ensure that funds vested with SHRA are used for the purpose intended and optimised by leveraging other funding channels; and
- To develop a model that will, over time, require less direct state resources.

Goal 3

To use cutting-edge technology and best brand systems to achieve business results

- To recruit, reward and retain the best available skills in the market, taking into account equity requirements;
- To deploy the best available technological resources to support the business drivers within budget; and
- To consistently seek business improvement opportunities and enhance operations.

Performance of the Entity



The period under review was one of repositioning of the entity to ensure that it achieves its primary mandate of growth and development of the social housing sector. The Council, appointed in March 2015, directed the production of a revised strategy for the entity, which was submitted to the Executive Authority in February 2016. A Chief Executive Officer (CEO), who will be responsible for aligning the operations of this new strategy and for ensuring the delivery of SHRA's goals, was appointed and commenced work in the same month.

The programmes in the year under review were as follows:

Programmes

Administration
- Governance
- Office of the CEO
- Corporate Services

Investment Management
- Approval, administration and disbursement of the Restructuring Capital Grant (RCG)
- Pipeline Planning

Institutional Investment
- Approval, administration and disbursement of the institutional investment grant
- Research, best practice
- Stakeholder Engagement

Regulatory
- Accreditation
- Compliance Monitoring
- Enforcement

The new strategy will require revisions to the SHRA's workflow and, therefore, the structure of the programmes will be altered from the 2016/17 financial year onward. The current operating framework of the entity also requires enhancement, specifically in the provision of direction and support to the sector to ensure delivery of the Medium Term Strategic Framework (MTSF) target. Therefore, the entity will embark on an organisation development and design process within the coming financial year.

The units approved for RCG award in the period under review total 1 979, as presented in the table below:

Ship 6A

Grant Recipient	Organisation Type	Project Name	Province	Units
Ekurhuleni Development Company	SHI	Delville Social Housing	Gauteng	100
Ekurhuleni Development Company	SHI	Fire station	Gauteng	150
Johannesburg Social Housing Company	SHI	Devland/Golden Highway	Gauteng	444
Johannesburg Social Housing Company	SHI	Fleurhof Phase 2	Gauteng	252
Johannesburg Social Housing Company	SHI	Plein Street	Gauteng	210
Gaboweni Housing	ODA	Frischgewaagd Farm	North West	801
Konny Development	ODA	Hull Street	Gauteng	22
TOTAL				**1 979**

The number of units approved for RCG award is lower than in the previous year. This is due to the weakened viability of the programme's financial model. In the period under review, the National Department of Human Settlements (NDoHS) and the Department of Planning, Monitoring and Evaluation (DPME) undertook an evaluation of the National Social Housing Programme (NSHP) in order to assess the programme's achievement of its intended goals and to produce recommendations on the future of the programme. This evaluation determined the specific constraints in the current indexing and value of the grant quantum, and given the current state of the economy, many strong Social Housing Institutions (SHIs) are unable to develop financially-viable projects and are at risk in terms of future sustainability. These challenges are hampering project packaging, and addressing these are key in advancing the NSHP. The evaluation's recommendations are being deliberated upon at a high, strategic level and it is expected that action will be taken in the beginning of the next financial year.

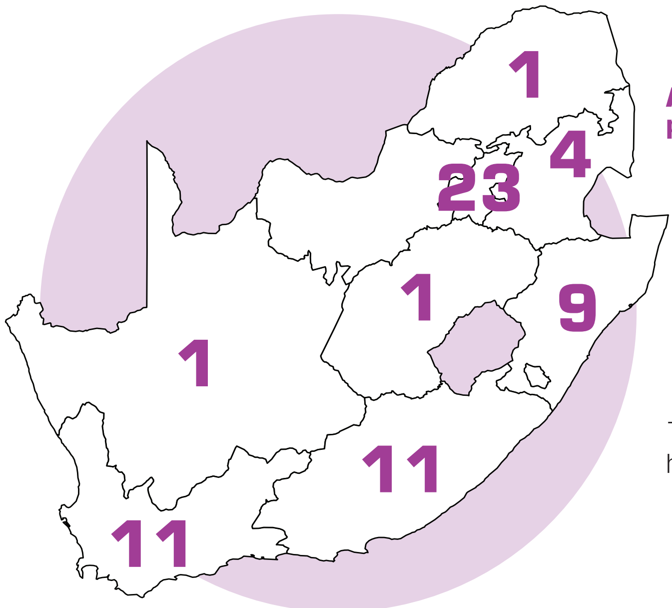
There is also a need for the policy to be reviewed with a view to indexing the grant quantum based on the development type, i.e. greenfield or brownfield, as well as reviewing the typology of the social housing product in an effort to ensure the needs of the market are catered for.

At a sector consultation meeting held on 9 March 2016, the sector was informed of plans to audit the list of the 61 entities that were accredited for the 2015/16 financial year.

The purpose of this session was to create an open platform of communication with the sector, to report back on progress made, to discuss the short-term plans of the entity and to jointly create a work plan for the sector in order to ensure delivery of the NSHP.

One of the issues discussed at the sector consultation meeting was the future audit, whereby applicants wishing to be re-accredited will be asked to apply in July 2016.

The list of the 61 accredited entities is presented below:



Accredited entities per province

Together, these entities hold a stock portfolio of
18 580
social housing units

Continued:
Performance of the Entity

SHI	Accreditation Status
Eastern Cape	
Housing Association East London	Full
Hlalanathi Housing Association	Conditional
Imizi Housing Utility	Full
M1 January Housing Association	Pre
Own Haven Housing Association	Conditional
Paradocs Skills Development	Pre
Qhama Social Housing Institute	Conditional
SKG Housing Association	Conditional
Sohco Amalinda Housing	Conditional
Tanacento	Conditional
Tanenzo Social Housing	Conditional
Free State	
Free State Social Housing Company	Conditional
Gauteng	
Ahanang Housing Institution	Conditional
Black Jills Engineering	Conditional
Daheko Care Centre	Conditional
Ekurhuleni Development Company	Conditional
Gauteng Housing Secondary Co-operative	Conditional
Golden West Social Housing	Conditional
Housing Company Tshwane	Conditional
Ixia Social Housing Company	Pre
Johannesburg Social Housing Company	Conditional
Johannesburg Housing Company	Full
Madulammoho Housing Association	Full
Manifique Homes	Pre
MBLC Social Housing	Conditional

Continued:
Performance of the Entity

SHI	Accreditation Status
Metsweding Social Housing	Pre
Manapendlo Social Housing Institution	Conditional
Motheo Social Housing	Conditional
Salamax 434	Conditional
Shandi Consulting & Projects	Pre
Social Power Housing	Conditional
Thusong-Osizweni Property Holdings	Conditional
Toproot Property Management	Conditional
Viturmix	Conditional
Yeast City Company	Full
KwaZulu-Natal	
Ethekweni Housing Association	Pre
First Metro Housing Company	Conditional
Kenako Housing Institute	Conditional
Moko Rental Housing Project	Pre
Motseng Property Services	Pre
Msunduzi Housing Association	Conditional
Royal Stock Housing Company	Conditional
Ubuntu Housing Association	Conditional
Vascowiz Investments	Conditional
Limpopo	
Polokwane Housing Association	Conditional
Mpumalanga	
Emalahleni Housing Company	Full
Govan Mbeki Housing Company	Conditional
Mbombela Housing Association	Conditional
Steve Tshwete Housing Association	Full

Continued:
Performance of the Entity

SHI	Accreditation Status
Northern Cape	
Sol Plaatjie Housing Company	Conditional
Western Cape	
Cape Town Community Housing Company	Pre
Communicare	Full
DCI Community Housing Services	Conditional
Domus Social Housing	Pre
Ikusasa Housing	Conditional
Liyema Nolitha Projects	Conditional
Mother City Housing Company	Conditional
Mzanzi	Conditional
Povicom	Pre
Sohco Property Investments	Conditional
Urban Status Rentals	Conditional

Together, these entities hold a stock portfolio of 18 580 social housing units. In the previous financial year, the number of units under regulation was 20 447. This variance is due to revisions in the methodology of how this number is calculated. A thorough reconciliation of units under regulation is due to be undertaken in the coming financial year in order to ensure effective asset management, as well as a shift towards a risk-based regulatory system. Much of the work around compiling a database of all social housing stock has been undertaken, 57.8% of the database has been verified, however, the stock in provinces outside of Gauteng still needs to be verified, but this will be undertaken in the 2016/17 financial year.

The DPME Evaluation (2016) concludes that the social housing regulatory environment has been a positive factor in the sustained growth of the sector since 2008. However, it cautions that, more recently, the regulatory function may be becoming a disincentive to sector growth. The report identifies the need to consider greater rigour, but reduced administrative burdens in SHI regulation. The SHRA's proposals, which are focused on streamlining and simplifying the accreditation process (into a two-tier system with Full Accreditation Certificates valid for five years), will aim to balance the stringent regulatory requirements that the SHRA is mandated to administer, with the need to ensure that an unreasonable administrative burden is not placed upon the SHIs.

In terms of capacitation of SHIs and projects, a total of 69 institutional investment grants were approved for this purpose. The Institutional Investment Policy and Guideline, as well as the framework for the Capacitation of the Sector, were approved during the period under review.

Continued:

Performance of the Entity

The SHRA partnered with the NDoHS in producing an episode on social housing as part of the *Breaking New Ground* TV series. The episode profiled the Walmer Link and Fairview Link projects, which are located in Nelson Mandela Bay Municipality, developed and managed by Imizi Housing Association.

George Stokes and his wife have been residents of Fairview Link for almost two years. George was born in Fairview but, as a victim of forced removal, moved out of the area as a young child and grew up in Calvin.

“Life was not easy there. There were 10 children in a two-bedroom house and it was complicated. Not that our parents couldn’t provide for us – they made every effort to ensure we got what we needed, and we managed to grow up under those conditions. I grew up to be a man and married, eventually. I will never forget where I come from. The place was full of gangsters as it is today.”

Due to the lack of safety in the area, George moved back to Fairview Link. He was residing in a room of 6m x 6m, and had to eat, cook and sleep in one room. Now, he and his wife reside in what he calls a “peaceful and luxurious” environment.

Francois van Heerden, his wife and two young children are tenants of Walmer Link, a secure and spacious environment to raise children. At the tender age of 16, his mother gave birth to him 3.5 months premature. Against all odds, Francois managed to survive, but sadly, due to nerve damage, he is visually impaired. He did not let this deter him, however, and established a career in the boat repair and tourism industry.

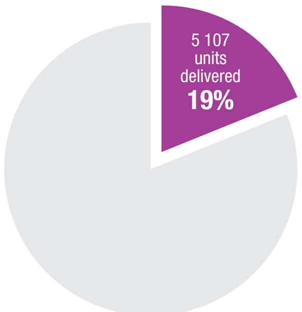
The National Department of Human Settlements held its Annual Govan Mbeki Awards on 13 August 2015, in Cape Town. The awards are aimed at celebrating the work of the various actors within the human settlements sector. The award for the Best Social Housing Project went to Imizi Housing Association for their Fairview Link project.

The delivery of units in the year under review is presented below:

Institution	Project name	Total no of units	Units delivered in the year under review
First Metro Housing Company	Hampshire	180	90
Madulammoho Housing Association	Scottsdene	500	372
Emalahleni Housing Company	Klarinet	104	104
Norvena Court	Norvena Court	295	271
Madulammoho Housing Association	Belhar	629	300
Msunduzi Housing Association	Westgate Grange	952	253
Imizi Housing Utility	Willowdene	400	150
Free State Social Housing Company	Brandwag Phase 2	154	66
Free State Social Housing Company	Brandwag Phase 3	154	16
First Metro Housing Company	Lakehaven Phase 2	280	280
Johannesburg Social Housing Company	Fleurhof Junction	400	452
Johannesburg Social Housing Company	City Deep Phase 3	328	328
Johannesburg Social Housing Company	Dobsonville	502	120
Johannesburg Social Housing Company	Riversideridge	252	252
Total		**5 666**	**3 054**

The achievement towards the MTSF target of 27 000 units delivered by 2019 is presented below:

Delivery against the MTSF target



	2014/15	2015/16	Total
Target for delivery of units	1 930	2 939	4 869
Actual delivery of units	2 053	3 054	5 107

Fairview Link

Imizi Housing Association

The award winning Fairview Link project is situated in Port Elizabeth. It consists of 368 social housing units; the SHRA awarded an RCG to the value of R46.2 million to the project.

Aloe Ridge, Westgate Grange

Msunduzi Housing Association

This project is currently under construction and is expected to be completed in its entirety in 2017. The first of the units completed will be tenanted in August 2016. The project, located in Pietermaritzburg, will house an anticipated 4 000 people. It will consist of 952 two-bedroom apartments in three-storey walk-ups separated into two villages. Of the 952 units, 287 will cater for households earning up to R3 500 per month and the balance of 665 units will cater for households earning up to R7 500 per month. Each unit, which is approximately 45m² in size, consists of an open-plan kitchenette, lounge, bathroom and bedrooms. The site is approximately 14 hectares in size, allowing for large, open spaces and play areas for children.

The SHRA has awarded an RCG to the value of R119 million to the project.

The design concept to separate the estate into 2 villages was to allow the scale, massing and visual impact to be managed more effectively and to create micro communities within these villages as a way of creating a sense of place. These micro communities are defined by articulating internal courtyard style layouts whereas the broader sense of community will be reinforced by the creation of a major central green space with related facilities for the entire community.

Continued:
Performance of the Entity

Continued:
Performance of the Entity

Detailed performance of the programmes

The following financial year is a critical period in which projects must be packaged in order for the SHRA to achieve the MTSF target.

The detailed performance of the programmes is presented in the tables mentioned below:

ADMINISTRATION PROGRAMME													
Strategic Objective	Strategic Plan target	Audited performance		Total target over MTSF period	Target	Actual	Target	Actual	Medium-term targets			TOTAL over MTSF period	Variance and comments
		2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19		
To ensure sound financial governance and best practice adhering to statutory regulations and deadlines	Approval and submission of five (5) annual reports and twenty (20) quarterly reports	Five (5) Reports	Five (5) Reports	Twenty-five (25) reports	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Eight (8) quarterly reports and two (2) annual reports	No variance as targets have been achieved

INVESTMENT MANAGEMENT PROGRAMME													
Strategic Objective	Strategic Plan target	Audited performance		Total target over MTSF period	Target	Actual	Target	Actual	Medium-term targets			TOTAL over MTSF period	Variance and comments
		2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19		
To support and enhance SHIs and other delivery agents in order to enable delivery of 27 000 social housing units	Delivery of 27 000 social housing units	New indicator	2 451	27 000	1 930	2 053	2 939	3 054	4 734	4 075	13 322	5 107	So far, 5 107 units have been delivered. There is no variance as yet

Continued:
Performance of the Entity

INSTITUTIONAL INVESTMENT PROGRAMME

Strategic Objective	Strategic Plan target	Audited performance		Total target over MTSF period	Target	Actual	Target	Actual	Medium-term targets			TOTAL over MTSF period	Variance and comments
		2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19		
To promote and support the performance of the social housing sector	186 institutional investment grants approved and disbursed	25	4	186	30	21 approved	35	65 approved 3 disbursed that were approved in previous year	38	40	43	83 approved 3 approved and disbursed	The variance is -62.

REGULATORY PROGRAMME

Strategic Objective	Strategic Plan target	Audited performance		Total target over MTSF period	Target	Actual	Target	Actual	Medium-term targets			TOTAL over MTSF period	Variance and comments
		2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19		
To regulate and support Social Housing Institutions, cooperatives and other delivery agents	45 311 social housing units under regulation	New indicator	18 311	45 311	20 000	20 447	26 328	18 580	32 655	38 982	45 311	18 580	The variance is -7 748. A thorough reconciliation of units under regulation is currently being undertaken

ADMINISTRATION PROGRAMME

Performance Indicator	Audited / actual performance		Target for MTSF period 2014 – 2019	Target	Actual	Target	Actual	Medium-term targets			Variance and comments
	2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	
Number of internal policies reviewed, approved and implemented	New indicator	New indicator	Twenty-one (21) internal policies reviewed, approved and implemented	Ten (10) Human Resources policies drafted	Eleven (11) Human Resources policies were drafted	Ten (10) Human Resources policies approved and eleven (11) Financial Management policies reviewed	Fourteen (14) Human Resources and Seventeen (17) Financial Management policies reviewed	Human Resources and Financial Management policies reviewed	Human Resources and Financial Management policies reviewed	Human Resources and Financial Management policies reviewed	The target was surpassed

Continued:
Performance of the Entity

Continued:
Performance of the Entity

ADMINISTRATION PROGRAMME											
Performance Indicator	Audited / actual performance		Target for MTSF period 2014 – 2019	Target	Actual	Target	Actual	Medium-term targets			Variance and comments
	2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	
Number of reports approved by Council and submitted to the Department	Five (5) reports	Five (5) Reports	Twenty (20) quarterly reports and five (5) annual reports	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Four (4) quarterly and one (1) annual report	Annual target was achieved
Number of reports on Ordinary Council meetings	Three (3) meeting reports	Three (3) meeting reports	Twenty (20) Ordinary Council meeting reports	Four (4) Ordinary Council meeting reports	Thirteen (13) Ordinary Council meeting reports	Four (4) Ordinary Council meeting reports	Seven (7) Ordinary Council meeting reports	Four (4) Ordinary Council meeting reports	Four (4) Ordinary Council meeting reports	Four (4) Ordinary Council meeting reports	The variance was +3. Due to the appointment of a new Council, and the Ministerial Directive for them to turnaround the entity, more meetings were required than had been predicted in the Annual Performance Plan which was submitted prior to the new Council's appointment
Number of reports on the implementation of Human Resources Integrated Management System	New indicator	New indicator	Seven (7) reports on the implementation of Human Resources Integrated Management System	Human Resources Integrated management system acquired. One (1) report on the implementation of Human Resources Integrated Management System	Human Resources Integrated management system was acquired and implemented, and a leave report generated	Three (3) reports on the implementation of Human Resources Integrated Management System	Two (2) reports on the implementation of Human Resources Integrated Management System	One (1) report on the implementation of Human Resources Integrated Management System	One (1) report on the implementation of Human Resources Integrated Management System	One (1) report on the implementation of Human Resources Integrated Management System	The system has not been utilised to its full potential as a custodian of the system (HR Manager) is required. An HR Manager will be appointed in the coming financial year

Continued:
Performance of the Entity

Continued:
Performance of the Entity

ADMINISTRATION PROGRAMME

Performance Indicator	Audited / actual performance		Target for MTSF period 2014 – 2019	Target	Actual	Target	Actual	Medium-term targets			Variance and comments
	2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	
Percentage vacancy rate reduced	New indicator	New indicator	Vacancy rate reduced from 33% to 5%	Vacancy rate reduced from 33% to 30%	30% vacancy rate	Vacancy rate reduced to and maintained at 5%	Vacancy rate at 39%	Vacancy rate maintained at 5%	Vacancy rate maintained at 5%	Vacancy rate maintained at 5%	The entity will embark on an organisational development process in the next financial year. This will assist the SHRA in generating a proper structure that allows the entity to achieve its mandate. Recruitment is anticipated to commence in the third quarter of 2016/17
Number of reports on the implementation of approved risk management plan	New indicator	New indicator	Four (4) reports on implementation of approved risk management plan	Risk management plan and Framework developed	Draft policy and framework have been developed	One (1) report on the implementation of approved Risk Management Plan	One Risk Management Plan approved	One (1) report on the implementation of approved Risk Management Plan	One (1) report on the implementation of approved Risk Management Plan	One (1) report on the implementation of approved Risk Management Plan	During the quarter substantial effort was applied to achieve this target. A risk workshop was held with Council and colleagues from the National Department. In addition a risk management framework and strategic risk register was developed and approved by Council

Continued:
Performance of the Entity

Continued:
Performance of the Entity

ADMINISTRATION PROGRAMME

Performance Indicator	Audited / actual performance		Target for MTSF period 2014 – 2019	Target	Actual	Target	Actual	Medium-term targets			Variance and comments
	2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	
Number of Council Evaluation reports developed and submitted to the Department	None	None	Four (4) Council Evaluation reports developed and submitted to the Department	None	None	One (1) Council Evaluation report developed and submitted to the Department	One (1) Council Evaluation report developed and submitted to the Department	One (1) Council Evaluation report developed and submitted to the Department	One (1) Council Evaluation report developed and submitted to the Department	One (1) Council Evaluation report developed and submitted to the Department	The Council evaluation report was prepared in the fourth quarter
Number of reports on the implementation of approved communication strategy	New indicator	New indicator	Four (4) reports on the implementation of approved communications strategy			Communication strategy developed and approved. One (1) report on the implementation of approved communication strategy	Communication strategy developed and approved. One (1) report on implementation of approved communication strategy	One (1) report on the implementation of approved communication strategy	One (1) report on the implementation of approved communication strategy	One (1) report on the implementation of approved communication strategy	Annual target was achieved

INVESTMENT MANAGEMENT PROGRAMME

Performance Indicator	Audited / actual performance		Target for MTSF period 2014 – 2019	Target	Actual	Target	Actual	Medium-term targets			Variance and comments
	2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	
Number of units delivered	New indicator	2 451	27 000	1 930	2 053	2 939	3 054	4 734	4 075	13 322	There is a positive variance of 115 units, as a result of exceeding the target of 2 939

Continued:
Performance of the Entity

INSTITUTIONAL INVESTMENT PROGRAMME											
Performance Indicator	**Audited / actual performance**		**Target for MTSF period 2014 – 2019**	**Target**	**Actual**	**Target**	**Actual**	**Medium-term targets**			**Variance and comments**
	2012/13	**2013/14**		**2014/15**	**2014/15**	**2015/16**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	
Institutional Investment Grant Programme implemented	New indicator	New indicator	Institutional Investment Grant Programme implemented	Approved Institutional Investment Policy and Guideline	Policy drafted	Implement Institutional Investment Policy and Guideline Approved Institutional Investment Framework	Institutional Investment Policy and Guideline approved Institutional Investment Framework	Implement Institutional Investment Framework Reviewed Institutional Investment Policy and Guideline	Reviewed Institutional Investment Framework	Reviewed Institutional Investment Grant Programme	There is no variance as targets have thus far been achieved
Number of gear up grants approved and disbursed (linked to Regulations Programme)	8	0	23	5	0	3	3 approved, not disbursed	4	5	6	The Institutional Investment Policy and Guideline needed to be approved prior to expenditure.
Number of project acquisition and feasibility grants approved and disbursed (linked to Investment Management Programme)	6	4	60	5	4	12	8 approved, not disbursed	13	14	16	
Number of pre-accreditation grants approved and disbursed (linked to Regulations Programme)	11 (specific intervention grants)	0	43	5	4	10	52 approved, not disbursed	10	10	8	

Continued:
Performance of the Entity

Continued:
Performance of the Entity

INSTITUTIONAL INVESTMENT PROGRAMME

Performance Indicator	Audited / actual performance		Target for MTSF period 2014 – 2019	Target	Actual	Target	Actual	Medium-term targets			Variance and comments
	2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	
Number of general capacitation grants approved and disbursed (linked to both Investment Management and Regulations Programmes)		0	60	15	13	10	6 approved, not disbursed	11	11	13	
A number of State of the Sector reports published	0	0	Four (4) State of the Sector reports published	0		One (1) State of the Sector report published	One (1) State of the Sector report published	One (1) State of the Sector report published	One (1) State of the Sector report published	One (1) State of the Sector report published	The target was achieved

REGULATORY PROGRAMME

Performance Indicator	Audited / actual performance		Target for MTSF period 2014 – 2019	Target	Actual	Target	Actual	Medium-term targets			Variance and comments
	2012/13	2013/14		2014/15	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	
Number of accredited entities	43	47	75 (cumulative figure)	55	61	60	61	65	70	75	The variance is +1
Number of social housing units under regulation	New indicator	18 311	45 311 (cumulative figure)	20 000	20 447	26 328	18 580	32 655	38 982	45 311	The variance is -7 748. A thorough reconciliation of units under regulation is being undertaken

Continued:
Performance of the Entity

REGULATORY PROGRAMME											
Performance Indicator	**Audited / actual performance**		**Target for MTSF period 2014 – 2019**	**Target**	**Actual**	**Target**	**Actual**	**Medium-term targets**			**Variance and comments**
	2012/13	**2013/14**		**2014/15**	**2014/15**	**2015/16**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	
Percentage of all Social Housing stock managed by Fully Accredited Social Housing Institutions	New indicator	New indicator	70% of all social housing stock managed by Fully Accredited Social Housing Institutions	13% of all social housing stock managed by Fully Accredited Social Housing Institutions	40% of the social housing stock were being managed by Fully Accredited Social Housing Institutions at the end of the last quarter of 2014/15	26% of all social housing stock managed by Fully Accredited Social Housing Institutions	42% of stock is managed by Fully Accredited Social Housing Institutions	52% of all social housing stock managed by Fully Accredited Social Housing Institutions	70% of all social housing stock managed by Fully Accredited Social Housing Institutions	70% of all social housing stock managed by Fully Accredited Social Housing Institutions	The variance is +16%
Percentage of all audits (Building Condition Audits, Tenant Income Audits and Tenant satisfaction surveys) undertaken by the Social Housing Institutions via automated systems	New indicator	New indicator	100% of all audits undertaken by the Social Housing Institutions via automated system	New indicator	None	Develop the automated system. Pilot and improve the system. Train all SHIs that have stock	The tools have been developed but not automated	90% of all audits undertaken by the Social Housing Institutions via automated system	100% of all audits undertaken by the Social Housing Institutions via automated system	100% of all audits undertaken by the Social Housing Institutions via automated system	The target has not been met, however, there is a plan to undertake this work as part of the Organisation Development project to be undertaken in the coming financial year

Continued:
Performance of the Entity

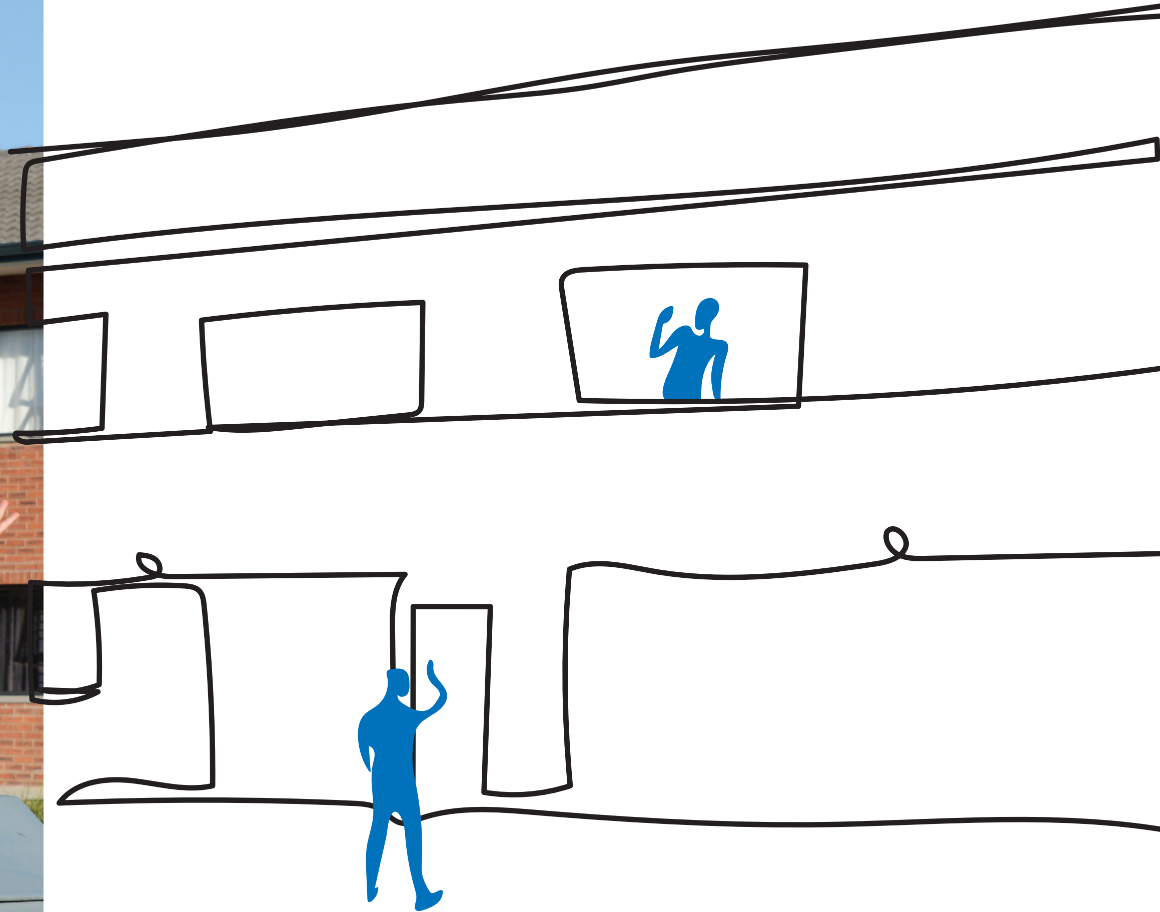
REGULATORY PROGRAMME											
Performance Indicator	**Audited / actual performance**		**Target for MTSF period 2014 – 2019**	**Target**	**Actual**	**Target**	**Actual**	**Medium-term targets**			**Variance and comments**
	2012/13	**2013/14**		**2014/15**	**2014/15**	**2015/16**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	
**Percentage of social housing units developed using state funds brought under regulation	New indicator	New indicator	80% of social housing units developed using state funds brought under regulation	New indicator	None	Compile and verify database of all social housing stock; develop a legal framework for the implementation of Section 12	57.8% of the database has been verified and the legal framework has been developed and is currently being implemented	Implementation and improvement of the legal framework; bring 25% of social housing units developed using state funds under regulation	Bring 50% of social housing units developed using state funds under regulation	Bring 80% of social housing units developed using state funds under regulation	The target has been partly met, much of the work has been undertaken, however, stock in provinces outside of Gauteng still needs to be verified. This will be undertaken in the coming financial year

SHRA is actively striving to enhance its performance. This is evidenced particularly in the fourth quarter of the year under review, this was higher than any other quarter – almost three times that of the third quarter.

The Administration Programme achieved six out of the eight annual targets which were originally set-out. The two targets which were not achieved relate to the Human Resource Management system and the vacancy rate. The system has not been utilised to its full potential as a custodian of the system (HR Manager) is required. An HR Manager will be appointed in the 2016/17 financial year. As previously indicated, the entity will embark on an organisation development process in the 2016/17 financial year which will assist the SHRA in generating an appropriate structure that allows the entity to achieve its mandate. Recruitment is anticipated to commence in the third quarter of 2016/17.

The Institutional Investment Programme achieved two out of the six targets. The four targets that were not achieved relate to approved and disbursed grants. While many grants were approved, the SHRA was not able to disburse these in full in order to count the target as achieved. The Institutional Investment Policy and Guideline needed to be approved prior to expenditure. Following approval of the policy, a Capacitation Framework was prepared since it was not only important to undertake grant allocation in terms of an approved policy, but also to determine what the approach to capacitation should be. Some grants were approved during this time, although the majority could only be considered towards completion of the framework during the fourth quarter of the financial year. This implies that disbursement has been delayed, however, work on all grants that have been approved are now proceeding as a priority.

The Regulatory Programme achieved two out of the five targets. The three that were not achieved relate to Compliance areas. A thorough reconciliation of units under regulation is being undertaken. Much of the work around compiling a database of all stock and developing the legal framework has been undertaken. Currently, 57.8% of the database has been verified, and the legal framework has been developed and is currently being implemented, however, stock in Provinces outside of Gauteng still needs to be verified. This will be undertaken in the 2016/17 financial year. In regards to the automation of the building and tenant audits, there is a plan to undertake this work as part of the Organisation Development project in the ensuing financial year.



Corporate Governance Report

The SHRA Council

The new Council has served a full year since being appointed on 18 March 2015.

The former Chairperson, Mr A. Vawda, resigned during September 2015 and the Minister appointed Mr Z. Ngcakani as the new Chairperson on 27 October 2015. Mr M. Higgins was appointed to the Council on 18 November 2015.

The Chairpersons of the Sub-Committees are as follows:

- Regulations Committee Chairperson: Mr P. Ximiya
- Audit, Risk and IT Committee Chairperson: Mr S. Ganda
- Human Resources and Remuneration Committee Chairperson: Ms N. Mbiza
- Investment Committee Chairperson: Ms K. Kwinana

The SHRA Council does not have a Nominations Committee, therefore pursuant to that at the Council Meeting of the 7 May 2015, the members nominated themselves into the following Sub-Committees depending on their experience, skill and qualifications.

Corporate Governance Report

Audit, Finance, Risk and IT Committee

- Mr S. Ganda (Chairperson)
- Mr M. Moroka
- Adv M. Mdludlu
- Ms Z. Ntlangula

Investment Committee

- Ms K. Kwinana (Chairperson)
- Mr S. Ganda
- Ms N. Mbiza
- Ms Z. Ntlangula

Regulations Committee

- Mr P. Ximiya (Chairperson)
- Ms R. Molokoane
- Ms M.Lamola
- Mr M. Moroka
- Mr M. Higgins

Human Resources and Remuneration Committee

- Ms N. Mbiza (Chairperson)
- Ms R. Molokoane
- Mr Z. Ngcakani
- Adv M. Mdludlu
- Mr P. Ximiya
- Ms K. Kwinana
- Ms M. Lamola

Corporate Governance Report

On 1 February 2016, Mr R. Gallocher joined the SHRA as the new CEO.

The year under review was particularly intensive as it involved vigorous strategic planning in an effort to ensure turnaround of the entity. This was due to the announcement in the 2014 Budget Speech, where the Minister of Human Settlements, said that the SHRA would be placed under Administration.

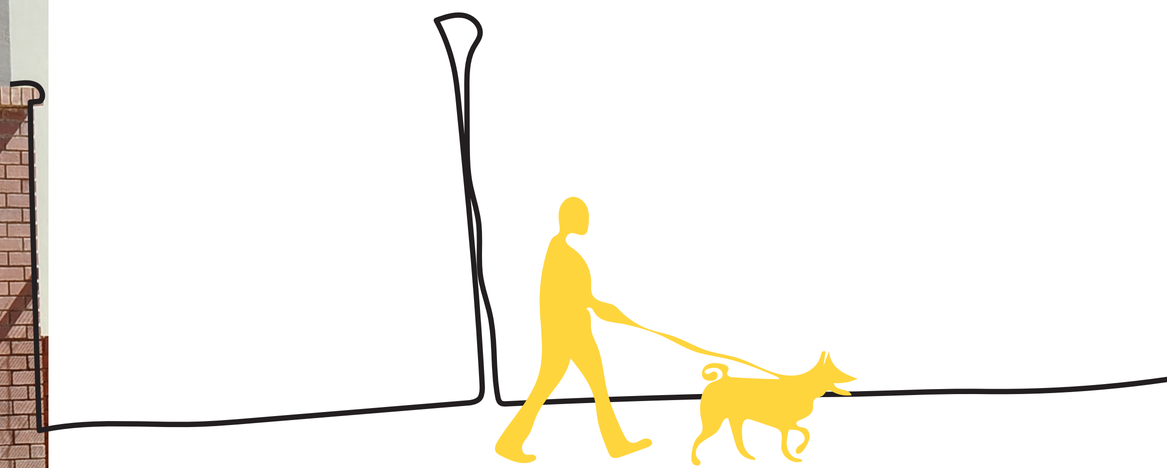
Extensive progress has also been made in addressing the governance issues raised in the previous year's Annual Report. This focused on decisions made by the non-quorate Council. During the previous Council's term, the membership dropped below the threshold established by Social Housing Act. The new Council has embarked on a process of reviewing and regularising all decisions taken by the previous Council during this period. The key decisions taken were the approval of accreditation status, grant awards and structure of the entity. The projects provided with grant award status during this period are in the process of being reviewed and the entities' accreditation will be subject to an independent audit. The structure of the entity will be reviewed and revised to align to the new strategy of the entity in the coming year.

The total number of meetings per Committee in the 2015/16 financial year were as follows:

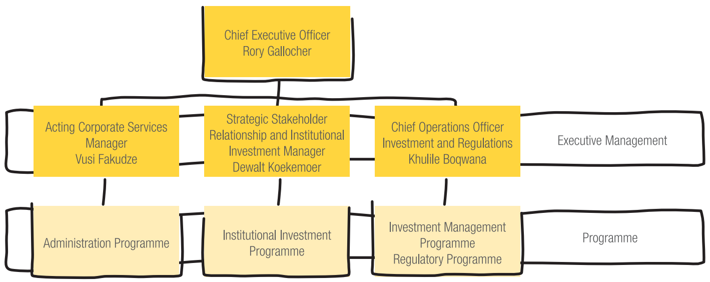
Committee	Ordinary	Special
Council*	13	6
Regulations	10	1
Investment	9	2
Audit, Risk and IT	4	1
HR and Remuneration	5	1

Given the required turnaround of the entity and the review of previous decisions, the number of meetings of Council was greater than had been budgeted for. In addition, SHRA's lack of capacity required some of the Council members to provide critical support services to the entity during this period, such as legal services and work around recruitment of a CEO. A Special Committee of Council was also appointed to review the work and decisions made by the previous Council. The payments to these Council members are reflected under salaries in the annual financial statements. Going forward, the entity will not require these services as capacity building initiatives and greater internal controls will be implemented to manage the turnaround.

Human Resources



High Level Structure of The Entity



Employment Equity

	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Executive council management	1	0	0	1	0	0	0	0	0	0	2
Senior management	1	0	0	1	0	0	0	0	0	0	2
Professionally qualified and Experienced specialists and mid-management	4	0	0	1	3	0	2	1	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	3	2	1	0	0	0	6
Semi-skilled and discretionary decision-making	1	0	0	0	1	0	0	0	0	0	2
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	7	0	0	3	7	2	3	1	0	0	23
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	7	0	0	3	7	2	3	1	0	0	23

Continued:
Human Resources



At the end of March 2016, the staff complement totalled 23, with a further 13 funded positions vacant. The SHRA will progress with recruitment once the Organisation Development project has been concluded; it was important that this process be allowed to continue as the structure of the entity must be derived from the revised strategy.

The turnover of staff in the period under review was limited, with the CSM leaving the entity in April 2015 and the Management Accountant in February 2016. The CEO commenced work in February 2016, after an intensive process of recruitment for this critical position.



Annual Financial Statements

Report of the Council Responsibilities and Approval

The Council is required by the Social Housing Act, 2008, to maintain adequate accounting records and 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 Council to ensure that the audited annual financial statements fairly present in all material respects the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and were given unrestricted access to all financial records and related data.

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

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

The Council has fulfilled its responsibilities in accordance with the PFMA, Section 51. The Council acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Council has reviewed the entity's cash flow forecast for the year to 31 March 2017 and, in light of this review and the current financial position, are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Continued:
Report of the Council Responsibilities and Approval

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

The external auditors are responsible for independently reviewing and reporting on the entity's audited annual financial statements. The audited annual financial statements have been examined by the entity's external auditors and their report is presented on pages 60 to 63.

The audited annual financial statements set out on pages 76 to 79, which have been prepared on the going concern basis, were approved by the Council on 28 July 2016 and were signed on its behalf by:

Mr. ZT Ngcakani
Chairperson

Mr. R Gallocher
Chief Executive Officer

Audit, Finance, Risk and IT Committee Report

We are pleased to present our report for the financial year ended 31 March 2016.

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.

	Number of Attended Ordinary Meetings	Number of Attended Special Meetings	Apologies
Mr SK Ganda (Chairperson)	4	1	-
Mr MR Moroka	4	1	-
Adv M Mdludlu	3	1	1
Ms ZZ Ntlangula	3	-	2

Audit committee responsibility

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

The effectiveness of internal control

The system of internal controls applied by the 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 external auditors, there were no material deficiencies noted in the system of internal controls except as noted in the annual financial statements. Accordingly, we can report that the system of internal control over financial reporting for the year under review was efficient and effective.

Continued:

Audit, Finance, Risk and IT Committee Report

Evaluation of audited annual financial statements

The audit committee has:

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

The audit committee concurs with and accepts the external auditor's report on the audited annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the external auditors.

Internal audit

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

P.P.

Mr. SK Ganda

Chairperson of the Audit Committee
28 July 2016

Independent Auditor's Report to Parliament on the Social Housing Regulatory Authority for the year ended 31 March 2016

Report on the financial statements

Introduction

We have audited the financial statements of the Social Housing Regulatory Authority as set out on pages 76 to 118, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

The Council which constitutes the accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 2016, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise and the requirements of the Public Finance Management Act of South Africa.

Continued: Independent Auditor's Report

Emphasis of matter

We draw attention to the matter below. Our opinion is not qualified in respect of this matter.

Going concern
Note 24 to the financial statements indicates the existence of a material uncertainty that may cast significant doubt on the entity's ability to operate as a going concern.

Report on other legal and regulatory requirements

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

Predetermined objectives

We performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2016:

- Programme 2: Investment management on pages 26, 27, 34 and 35
- Programme 3: Institutional investment on pages 28, 29, 36, 37, 38 and 39
- Programme 4: Regulatory on pages 28, 29, 38, 39, 40, 41, 42 and 43

We evaluated the reported performance information against the overall criteria of usefulness and reliability.

We evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. We further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

The material findings in respect of the selected programmes are as follows:

Programme 2: Investment management

Continued:
Independent Auditor's Report

Usefulness of reported performance information

Measurability of indicators and targets

The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and measurable and specify the period or deadline for delivery. The target was not specific and measurable and time bound.

The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. The indicator was not well defined.

Reliability of reported performance information

The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievement against the planned target of an important indicator was not reliable when compared to the evidence provided.

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

- Programme 3: Institutional investment on pages 28, 29, 36, 37, 38 and 39
- Programme 4: Regulatory on pages 28, 29, 38, 39, 40, 41, 42 and 43

Additional matters

We draw attention to the following matters:

Achievement of planned targets

Refer to the annual performance report on pages 26, 27, 34 and 35 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 14, 16 and 18 of this report.

Unaudited supplementary information

The supplementary information set out on pages 14 to 25 does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not report on them.

Compliance with laws and regulations

We performed procedures to obtain evidence that the entity has complied with legislation regarding financial matters, financial management and other related matters. Our material findings on compliance with specific matters in key legislation as set out in the general notice issued in terms of the PAA, are as follows:

Social Housing Regulatory Authority
Audited Annual Financial Statements for the year ended 31 March 2016

Continued:
Independent Auditor's Report

Expenditure management

The accounting authority did not take effective steps to prevent irregular expenditure as required by section 51(1)(b)(i) of the Public Finance Management Act.

Internal control

We considered internal control relevant to our audit of the financial statements, the annual performance report and compliance with laws and regulations but not to gather evidence to express an opinion or conclusion on the effectiveness of the entity's internal control. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

Management did not review and monitor compliance with applicable laws and regulations. Non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored.

Financial and performance management

Management has not developed and implemented processes for collection, collation, monitoring and reporting of performance information. The annual performance target setting process was inappropriately planned, executed and monitored. Insufficient oversight was performed by the accounting authority.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Sifiso Sithebe
Registered Auditor
Chartered Accountant (SA)
29 July 2016

Council's Report

The Council submit their report for the year ended 31 March 2016.

1. Review of activities

Main business and operations

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

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

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

2. Request for approval to retain cash surplus generated in 2014/15

National Treasury has approved a request on 29 March 2016 to retain the cash surplus of R832.9 million in terms of National Treasury Instruction No. 3 of 2015/2016 which interprets Section 53(3) of the PFMA. The approval granted is intended to allow the Social Housing Regulatory Authority to meet its contractual obligations while also bolstering the entity's balance sheet in order to meet its MTSF delivery targets.

3. 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.

4. Subsequent events

The Council is not aware of any subsequent events after the annual financial year.

5. 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.

Continued:
Council's Report

6. Accounting policies

The audited annual financial statements for the year ended 31 March 2016 were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the PFMA and its regulations, directives and interpretations issued by the Accounting Standards Board. No GRAP statements were applied prior to its commencement dates in the current year.

7. Non-current assets

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

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

8. Council Members

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

Name	Nationality	Changes
Executive Members		
Mr. R Gallocher (Chief Executive Officer)	South African	Appointed on 1 February 2016
Mr. V Fakudze (Acting Corporate Services Manager)	South African	Appointed on 22 October 2015
Non-Executive Members		
Mr. ZT Ngcakani (Chairperson)	South African	Appointed on 27 October 2015
Mr. A Vawda (Former Chairperson)	South African	Resigned on 10 September 2015
Ms. S Ngxongo (Former Acting Chief Executive Officer)	South African	Secondment ended on 31 January 2016
Mr. SK Ganda	South African	
Ms. RS Molokoane	South African	
Mr. PWW Ximiya	South African	
Ms. NN Mbiza	South African	
Mr. MR Moroka	South African	
Adv. M Mdludlu	South African	
Ms. MJ Lamola	South African	

Continued:
Council's Report

Name	Nationality	Changes
Non-Executive Members continued		
Ms. KE Kwinana	South African	
Mr. IW Kotsoane	South African	
Ms. ZZ Ntlangula	South African	
Mr. MI Higgins	South African	Appointed on 18 November 2015
Ms. T Shongwe (Former Corporate Services Manager)	South African	Resigned on 10 April 2015

9. Council Members and Executive Managers Remuneration

	Meeting fees	Travel expenses	Council fees	Salary	Bonus	Other services	Total package 2016	Total package 2015
Council								
Non-executive Council members								
Chairperson: ZT Ngcakani	139,000	-	31,833	-	-	-	170,833	-
Former Chairperson: Z Ebrahim	-	-	-	-	-	-	-	193,693
Former member: Adv C Weapond	-	-	-	-	-	-	-	149,000
Member: N Mbiza	135,800	1,100	26,000	-	-	31,350	194,250	142,000
Former member: S Trail	-	-	-	-	-	-	-	105,000
Member: M Lamola	89,000	10,681	26,000	-	-	-	125,681	135,696
Former member: M Khumalo	-	-	-	-	-	-	-	24,616

Continued:
Council's Report

	Meeting fees	Travel expenses	Council fees	Salary	Bonus	Other services	Total package 2016	Total package 2015
Member: IW Kotsoane	56,000	-	-	-	-	6,688	62,688	-
Member: KE Kwinana	132,800	3,561	26,000	-	-	49,324	211,685	-
Member: Adv M Mdludlu	122,000	3,756	26,000	-	-	-	151,756	-
Member: MR Moroka	133,800	15,596	26,000	-	-	400,444	575,840	-
Member: MI Higgins	27,000	-	-	-	-	-	27,000	-
Member: PWW Ximiya	141,800	-	26,000	-	-	273,790	441,590	-
Member: RS Molokoane	88,000	8,512	26,000	-	-	-	122,512	-
Member: SK Ganda	145,000	290	26,000	-	-	15,048	186,338	-
Member: ZZ Ntlangula	108,000	-	26,000	-	-	39,292	173,292	-
	1,318,200	**43,496**	**265,833**		**-**	**815,936**	**2,443,465**	**750,005**

Other services rendered resulted from SHRA Council appointing available Council members to perform specific services as per approved terms of reference in the Council meeting of 29 September 2015.

Mr. A Vawda is an employee of the state and is therefore not remunerated. He resigned on 10 September 2015 and Mr. ZT Ngcakani was appointed as Chairperson on 27 October 2015.

Continued:
Council's Report

	Meeting fees	Travel expenses	Council fees	Salary	Bonus	Other services	Total package 2016	Total package 2015
Executive Council members								
Acting Chief Executive Officer: Adv S Ntsaba-Letele	-	-	-	-	-	-	-	1,533,432
Acting Chief Executive Officer: S Ngxongo	-	-	-	323,144	-	-	323,144	-
Corporate Services Manager: Ms T Shongwe	-	225	-	53,690	-	-	53,915	731,662
Chief Executive Officer: Mr R Gallocher	-	2,953	-	343,650	-	-	346,603	-
Acting Corporate Services Manager: Mr V Fakudze	-	1,500	-	607,036	-	-	608,536	-
	-	**4,678**	**-**	**1,327,520**	**-**	**-**	**1,332,198**	**2,265,094**

Continued:
Council's Report

Adv S Ntsaba-Letele was seconded to the National Department of Human Settlements on 31 October 2014. In the prior Adv S Ntsaba-Letele's remuneration from November 2014, which amounts to R659,804, has been excluded from the Council members' remuneration in the statement of financial performance as it was paid by the National Department of Human Settlements. Ms. S Ngxongo was appointed as Acting Chief Executive Officer 11 December 2014. Ms. S Ngxongo is an employee of the National Department of Human Settlements and an Acting allowance of R323,144 has been provided for. Ms. S Ngxongo secondment ended with the appointment of Mr. R Gallocher as Chief Executive Officer on 1 February 2016. Ms. T Shongwe resigned on 10 April 2015. Mr. V Fakudze was appointed as Acting Corporate Services Manager on 22 October 2015. Included in the Salary of Mr V Fakudze is an Acting allowance of R146,137.

	Meeting fees	Travel expenses	Council fees	Salary	Bonus	Other services	Total package 2016	Total package 2015
Executive Managers								
Company Secretary: Ms K Mahlangu	-	-	-	826,830	20,074	-	846,904	486,409
Finance Manager: Mr V Fakudze	-	6,292	-	646,006	55,000	-	707,298	1,206,903
Regulations Manager: Mr K Boqwana	-	14,024	-	1,300,047	60,000	-	1,374,071	1,409,177
Intervention Manager: Mr D Koekemoer	-	16,448	-	1,093,460	60,000	-	1,169,908	1,159,964
	-	**36,764**	**-**	**3,866,343**	**195,074**	**-**	**4,098,181**	**4,262,453**

Continued:
Council's Report

10. Corporate governance

General

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

Council members

The Council:
- retains full control over the 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 is a non-executive and independent member (subscribing to good corporate governance standards).

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

Remuneration

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

Executive Committee meetings

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

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

Continued:
Council's Report

Audit, Finance, IT Governance, and Risk Committee

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

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 R1 000 000 and 90/10 principle for all procurement exceeding R1 000 000.

11. Council

Ordinary Council Meetings

	Total Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Number of Attended Workshops	Apologies
Mr ZT Ngcakani (Chairperson)	13	13	2	-
Mr MI Higgins (Appointed on 18 November 2015)	13	2	2	-
Mr IW Kotsoane	13	5	2	8
Ms RS Molokoane	13	8	2	5
Mr ZZ Ntlangula	13	9	2	4
Ms MJ Lamola	13	10	2	3
Adv M Mdludlu	13	10	2	3
Ms KE Kwinana	13	10	2	3
Ms NN Mbiza	13	10	2	3
Mr SK Ganda	13	12	2	1
Mr PWW Ximiya	13	12	2	1
Mr MR Moroka	13	13	2	-

Continued:
Council's Report

Special Council Meetings

	Total Number of Special Meetings	Number of Attended Special Meetings	Number of Attended Workshops	Apologies
Mr ZT Ngcakani (Chairperson)	6	6	2	-
Mr MI Higgins (Appointed on 18 November 2015)	6	2	2	-
Mr IW Kotsoane	6	4	2	2
Ms RS Molokoane	6	3	2	3
Mr ZZ Ntlangula	6	3	2	3
Ms MJ Lamola	6	3	2	3
Adv M Mdludlu	6	6	2	-
Ms KE Kwinana	6	4	2	2
Ms NN Mbiza	6	5	2	1
Mr SK Ganda	6	5	2	1
Mr PWW Ximiya	6	6	2	-
Mr MR Moroka	6	6	2	-

12. HR Committee

Ordinary HR Meetings

	Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Number of Attended Workshops	Apologies
Ms NN Mbiza (Chairperson)	5	5	-	-
Ms KE Kwinana	5	4	-	1
Ms MJ Lamola	5	4	-	1
Ms RS Molokoane	5	3	-	2
Mr ZT Ngcakani	5	3	-	2
Mr PWW Ximiya	5	5	-	-
Adv M Mdludlu	5	5	-	-

Continued:
Council's Report

Special HR Meetings

	Number of Special Meetings	Number of Attended Special Meetings	Number of Attended Workshops	Apologies
Ms NN Mbiza (Chairperson)	1	1	-	-
Ms KE Kwinana	1	-	-	1
Ms MJ Lamola	1	1	-	-
Ms RS Molokoane	1	-	-	1
Mr ZT Ngcakani	1	-	-	1
Mr PWW Ximiya	1	1	-	-
Adv M Mdludlu	1	1	-	-

13. Regulations Committee

Ordinary Regulations Committee Meetings

	Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Number of Attended Workshops	Apologies
Mr PWW Ximiya (Chairperson)	10	10	-	-
Mr MR Moroka	10	10	-	-
Ms RS Molokoane	10	5	-	5
Ms MJ Lamola	10	3	-	7
Mr MI Higgins (Appointed 18 November 2015)	10	1	-	-

Continued:
Council's Report

Special Regulations Committee Meetings

	Number of Special Meetings	Number of Attended Special Meetings	Number of Attended Workshops	Apologies
Mr PWW Ximiya (Chairperson)	1	1	-	-
Mr MR Moroka	1	1	-	-
Ms RS Molokoane	1	1	-	-
Ms MJ Lamola	1	1	-	-
Mr MI Higgins (Appointed 18 November 2015)	1	-	-	-

14. Investment Committee

Ordinary Investment Committee Meetings

	Number of Ordinary Meetings	Number of Attended Ordinary Meetings	Number of Attended Workshops	Apologies
Ms KE Kwinana (Chairperson)	9	7	1	2
Mr SK Ganda	9	6	-	3
Ms NN Mbiza	9	8	1	1
Ms ZZ Ntlangula	9	6	-	3

Special Investment Committee Meetings

	Number of Special Meetings	Number of Attended Special Meetings	Number of Attended Workshops	Apologies
Ms KE Kwinana (Chairperson)	2	2	1	-
Mr SK Ganda	2	2	-	-
Ms NN Mbiza	2	2	1	-
Ms ZZ Ntlangula	2	2	-	-

Continued:
Council's Report

15. Auditors

Ernst & Young Incorporated were reappointed as auditors for this financial year.

16. Irregular expenditure

	2016	2015
Opening balance	12,167,452	-
Irregular expenditure incurred in respect of Projects approved by inappropriately constituted Council	117,460,367	12,167,452
Condoned by Council	(129,627,819)	-
Irregular expenditure awaiting condonement	**-**	**12,167,452**

16.1 Projects approved by inappropriately constituted Council

In terms of the Social Housing Act, 2008 the Council of the Social Housing Regulatory Authority must consist of between seven and twelve non-executive members. During March 2014 to February 2015 and March 2015 the Council only comprised of six and five members respectively. Decisions taken by the Council during the relevant period has been rendered invalid as the Council was not properly constituted and was not authorised to act in terms of the Act. The Social Housing Regulatory Authority has sought legal advice and it has been proposed that the decisions of Council made during the relevant period be remedied by the new Council, which has been properly constituted.(Refer also to note 17.1 in the financial statements)

The Council have reviewed and considered its responsibilities in accordance with Treasury Regulations 33 and section 55(2)(b) of the PFMA and have after revision, condoned the irregular expenditure as indicated above on 28 July 2016.

17. Fruitless and wasteful expenditure

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

Statement of Financial Position as at 31 March 2016

	Note(s)	31 March 2016 R	31 March 2015 Restated R
Assets			
Current Assets			
Receivables from exchange transactions	3	842,632	694,346
Cash and cash equivalents	4	789,712,344	878,441,391
		790,554,976	**879,135,737**
Non-Current Assets			
Property, plant and equipment	5	659,779	1,909,909
Intangible assets	6	5,670	91,882
		665,449	**2,001,791**
Total Assets		**791,220,425**	**881,137,528**
Liabilities			
Current Liabilities			
Operating lease liability	7	-	287,030
Recalled Grant Funds	8	144,928,355	277,390,360
Payables	9	106,091,084	12,776,385
Provisions	10	954,622	676,625
		251,974,061	**291,130,400**
Total Liabilities		**251,974,061**	**291,130,400**
Net Assets		**539,246,364**	**590,007,128**
Reserves			
Revaluation reserve		-	-
Accumulated surplus		539,246,364	590,007,128
Total Net Assets		**539,246,364**	**590,007,128**

Statement of Financial Performance

	Note(s)	31 March 2016 R	31 March 2015 R
Revenue	11	143,714,031	631,023,000
Operating expenses		(37,307,460)	(34,418,083)
Programme costs	12	(201,310,532)	(43,971,634)
Operating (deficit) surplus	13	**(94,903,961)**	**552,633,283**
Investment revenue	14	44,143,197	37,364,799
(Deficit) surplus for the year		**(50,760,764)**	**589,998,082**

Statement of Changes in Net Assets

	Revaluation reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	296,351	473,338,332	473,634,683
Adjustments			
Prior year adjustments (Refer to note 26)	(296,351)	9,046	(287,305)
Balance at 01 April 2014 as restated	**-**	**473,347,378**	**473,347,378**
Changes in net assets			
Surplus for the year	-	589,998,082	589,998,082
Refund of prior year accumulated surplus to National Treasury*	-	(473,338,332)	(473,338,332)
Total changes	-	116,659,750	116,659,750
Opening balance as previously reported	(319,665)	590,007,128	589,687,463
Adjustments			
Prior year adjustments (Refer to note 26)	319,665	-	319,665
Balance at 01 April 2015 as restated	**-**	**590,007,128**	**590,007,128**
Changes in net assets	-	(50,760,764)	(50,760,764)
Deficit for the year			
Total changes	-	(50,760,764)	(50,760,764)
Balance at 31 March 2016	**-**	**539,246,364**	**539,246,364**

* The refund of prior year accumulated surplus to National Treasury represents surplus funds that were not utilised by Social Housing Regulatory Authority in the prior year and were subsequently paid back to the National Treasury in the prior financial year.

Cash Flow Statement

	Note(s)	31 March 2016 R	31 March 2015 R
Cash flows from operating activities			
Receipts			
Government Grants		143,714,031	1,067,023,000
Interest income	14	44,143,197	37,364,799
Recalled Grant Funds (SHIP Projects)		43,351,119	277,390,360
		231,208,347	1,381,778,159
Payments			
Employee costs		(15,969,670)	(15,276,884)
Recalled Grant Funds (SHIP Projects)		(175,813,124)	-
Refund of prior year surplus		-	(473,338,332)
Programme costs		(108,453,253)	(43,971,634)
Other payments	15	(19,671,765)	(16,267,719)
		(319,907,812)	(548,854,569)
Net cash flows from operating activities	16	**(88,699,465)**	**832,923,590**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(29,581)	(134,162)
Proceeds from sale of property, plant and equipment	5	-	8,147
Purchase of other intangible assets	6	-	(31,567)
Net cash flows from investing activities		**(29,581)**	**(157,582)**
Net increase/(decrease) in cash and cash equivalents		**(88,729,046)**	**832,766,008**
Cash and cash equivalents at the beginning of the year		878,441,391	45,675,384
Cash and cash equivalents at the end of the year	4	**789,712,345**	**878,441,392**

Accounting Policies

1. Presentation of Audited Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the change in accounting policy as per note 26.

1.1 Significant judgements and sources of estimation uncertainty

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

Impairment testing for Property, plant and equipment and intangible assets
The recoverable service amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

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

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

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

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

Social Housing Regulatory Authority
Audited Annual Financial Statements for the year ended 31 March 2016

1.2 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Any subsequent expenditure on property, plant and equipment is capitalised when the costs can be estimated reliably and the expenditure increases the economic benefits or service potential of the asset – all other expenditure is expensed.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Items of Property, plant and equipment are depreciated 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 years
Leasehold improvements	Straight line	Lower of useful life and term of lease

Continued:
Accounting Policies

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of 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 an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

1.3 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

Social Housing Regulatory Authority
Audited Annual Financial Statements for the year ended 31 March 2016

Continued:
Accounting Policies

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

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

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

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

Item	Useful life
Computer software	3 years

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

1.4 Financial instruments

Classification

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

- Financial assets at fair value through surplus or deficit - designated
- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value.

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

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Continued:
Accounting Policies

Subsequent measurement
Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

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

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

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

Impairment losses are recognised in surplus or deficit.

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

Reversals of impairment losses are recognised in surplus or deficit.

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

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

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

Continued:
Accounting Policies

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

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

1.5 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.

1.6 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.

1.7 Impairment of non-cash-generating assets

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

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

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Continued:
Accounting Policies

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

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

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

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

The present value of the remaining service potential of an asset is determined using the following approach:

Basis for estimates of future cash flows
In measuring value in use, the entity:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate
The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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

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Audited Annual Financial Statements for the year ended 31 March 2016

Continued:
Accounting Policies

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.8 Employee benefits

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

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

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

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

Continued:
Accounting Policies

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

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the 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 expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The 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 recognise the contribution payable to a defined contribution plan in exchange for that service:
- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, 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 refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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Accounting Policies

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.9 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.

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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

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

Continued:
Accounting Policies

1.10 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

As the 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.

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Accounting Policies

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 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 Fruitless and wasteful expenditure

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

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

1.12 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including –
(a) the Public Finance Management Act No.1, 1999; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

Continued:
Accounting Policies

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

1.13 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.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations

2.1 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 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 20: Related parties	Still to be determined	No material impact, the standard has been used to formulate and inform the current accounting and disclosures.
GRAP 32: Service Concession Arrangements: Grantor	Still to be determined	No material impact as not relevant, the entity is not a grantor of service concession assets.
GRAP 108: Statutory Receivables	Still to be determined	No material impact as the entity currently has no statutory receivables.
GRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	No material impact as not relevant, the entity is not a grantor of service concession assets.
GRAP 16 (as amended 2015): Investment Property	01 April 2016	No material impact as not relevant, the entity does not own any investment property.
GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	The impact of the amendment is not material, but could result in additional disclosure regarding repairs and maintenance.
GRAP 109: Accounting by Principals and Agents	Still to be determined	The impact of the amendment is not material, as the entity does not have any principal-agent arrangements.
GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	01 April 2017	The impact of the amendment is not material, but could result in additional disclosure where the relevant impairment has been performed.

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Notes to the Audited Annual Financial Statements

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 26 (as amended 2015): Impairment of cash-generating assets	01 April 2017	The impact of the amendment is not material, but could result in additional disclosure where the relevant impairment has been performed.
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the amendment is not material, due to the entity already applying GRAP as its accounting framework.

3. Receivables from exchange transactions

	2016 R	2015 R
Prepayments	16,500	13,750
Deposits	550,722	550,722
Sundry debtors	275,410	129,874
	842,632	**694,346**

Trade and other receivables pledged as security

No receivables were pledged as security.

Deposits

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

Credit quality of trade and other receivables

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

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Notes to the Audited Annual Financial Statements

Trade receivables

	2016 R	2015 R
Counterparties with external credit rating (Moody's)		
BBB	-	550,722
BAA2	550,722	-
	550,722	**550,722**
Counterparties without external credit rating		
Unrated	291,910	143,624

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2016, no balances were past due but not impaired.

Trade and other receivables impaired

As of 31 March 2016, trade and other receivables of Rnil (2015: R114 128) were impaired and provided for.

The ageing of amounts impaired and provided for is as follows:

	2016 R	2015 R
Over 12 months	-	114,128

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Notes to the Audited Annual Financial Statements

4. Cash and cash equivalents

	2016 R	2015 R
Cash and cash equivalents consist of:		
Cash on hand	694	559
Current accounts	18,128,980	1,810,948
Call accounts	771,537,507	876,609,674
Debit cards	45,163	20,210
	789,712,344	**878,441,391**

Cash and cash equivalents include recalled grant funds in the current financial year which are not available for the day to day operations of the Social Housing Regulatory Authority (refer to note 8).

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

	2016 R	2015 R
A	-	878,440,832
BAA2	789,711,650	-
	789,711,650	**878,440,832**

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Notes to the Audited Annual Financial Statements

5. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Restated Accumulated depreciation and accumulated impairment	Restated Carrying value
Furniture and fixtures	1,390,676	(1,038,894)	351,782	1,384,435	(866,568)	517,867
Motor vehicles	357,719	(226,555)	131,164	357,719	(160,974)	196,745
Office equipment	641,233	(518,711)	122,522	617,892	(362,547)	255,345
IT equipment	1,936,257	(1,881,946)	54,311	1,936,257	(1,494,534)	441,723
Leasehold improvements	1,909,562	(1,909,562)	-	1,909,562	(1,411,333)	498,229
Total	**6,235,447**	**(5,575,668)**	**659,779**	**6,205,865**	**(4,295,956)**	**1,909,909**

Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	517,867	6,240	(172,325)	351,782
Motor vehicles	196,745	-	(65,581)	131,164
Office equipment	255,345	23,341	(156,164)	122,522
IT equipment	441,723	-	(387,412)	54,311
Leasehold improvements	498,229	-	(498,229)	-
	1,909,909	**29,581**	**(1,279,711)**	**659,779**

Continued:
Notes to the Audited Annual Financial Statements

Reconciliation of property, plant and equipment – 2015

	Opening balance	Additions	Disposals	Depreciation	Impairment reversal	Total
Furniture and fixtures	690,159	12,329	-	(184,621)	-	517,867
Motor vehicles	231,745	-	-	(71,544)	36,544	196,745
Office equipment	356,845	-	-	(102,890)	1,390	255,345
IT equipment	526,598	121,833	(8,147)	(198,561)	-	441,723
Leasehold improvements	885,106	-	-	(386,877)	-	498,229
	2,690,453	**134,162**	**(8,147)**	**(944,493)**	**37,934**	**1,909,909**

Other information

	2016 R	2015 R
Property, plant and equipment fully depreciated and still in use (Gross carrying amount)		
Furniture and fixtures	181,956	181,956
Office equipment	50,800	41,577
IT Equipment	1,686,315	1,487,059
Leasehold improvements (depreciated over lease period ended 31 March 2016)	1,909,562	-
	3,828,633	**1,710,592**

The reversal of impairment in the 2015 financial year relates to assets where the fair value was estimated to be less than its current carrying value in the prior years, but subsequently the fair value was equal or more than what the value would have been considering its carrying value at that point.

Continued:
Notes to the Audited Annual Financial Statements

6. Intangible assets

	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	854,615	(848,945)	5,670	854,615	(762,733)	91,882

Reconciliation of intangible assets – 2016

	Opening balance	Amortisation	Total
Computer software	91,882	(86,212)	5,670

Reconciliation of intangible assets – 2015

	Opening balance	Additions	Amortisation	Total
Computer software	243,465	31,567	(183,150)	91,882

Continued:
Notes to the Audited Annual Financial Statements

7. Operating lease liability

	2016 R	2015 R
Current liabilities – Premises	-	287,030

The operating lease liability relate to the rental of premises of the entity which have been negotiated for a period of 5 years. The lease contract has expired as at 31 March 2016.

8. Recalled Grant Funds

Province/Institution	Project	Programme	2016 R	2015 R
Eastern Cape Province				
Imizi Housing Utility	Fairview Link	SHIP	314,873	2,626,189
Social Housing Company (SOHCO)	Emerald Sky Phase 4	SHIP	28,921	28,921
			343,794	**2,655,110**
Free State Province				
Free State Social Housing Company	Brandwag	SHIP	**9,339,322**	**12,879,328**
Gauteng Province				
Yeast City Housing	Thembelihle	SHIP	27,146,599	55,228,078
Yeast City Housing	Salvokop	SHIP	295,487	295,487
			27,442,086	**55,523,565**
Mpumalanga Province				
Emalahleni Housing Institution	Klarinet	SHIP	**1,135,899**	**1,135,899**

Continued:
Notes to the Audited Annual Financial Statements

Province/Institution	Project	Programme	2016 R	2015 R
KwaZulu-Natal Province				
Msunduzi Housing Association	Westgate Grange	SHIP	6,924,072	90,320,877
First Metro Housing Company	Lakehaven Phase 2	SHIP	2,709,902	9,543,446
First Metro Housing Company	Avoca Hills	SHIP	6,101,713	15,896,782
First Metro Housing Company	Hampshire	SHIP	1,017,033	16,841,680
First Metro Housing Company	Hamptons	SHIP	40,232,926	40,232,926
First Metro Housing Company	Hilltops	SHIP	245,165	22,455,591
			57,230,811	**195,291,302**
Western Cape Province				
Social Housing Company (SOHCO Amalinda)	Steenberg	SHIP	177,657	177,657
Madulammoho Housing Association	Scottsdene	SHIP	-	1,818,040
Western Cape Province	Institutional Investment	Institution Investment	1,998,208	1,340,000
Johannesburg Social Housing Company	City Deep Phase 1	SHIP	37,491,535	-
Johannesburg Social Housing Company	City Deep Phase 2	SHIP	1,955,248	-
Johannesburg Social Housing Company	Fleurhof	SHIP	1,244,336	-
Domus Social Housing	E-Junction Phase 1	SHIP	6,569,459	6,569,459
			49,436,443	**9,905,156**
			144,928,355	**277,390,360**

Continued:
Notes to the Audited Annual Financial Statements

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 in the control and name of the Social Housing Institution. In an effort to mitigate the risks associated with lack of control, Social Housing Regulatory Authority has abandoned the use of the Social Housing Institution Imprest account to a new system where payments to grant recipients are aligned to actual project expenditure. The possibility of abusing the Social Housing Institution Imprest account and incurring unnecessary irregular expenditure has been eliminated. Unutilized funds that had been granted using the Imprest account system were requested to be repatriated back to the Social Housing Regulatory Authority to be disbursed later according to actual project expenditure.

9. Payables

	2016 R	2015 R
Trade payables (exchange transactions)	508,214	-
Accrued expenses (exchange transactions)	104,296,262	12,684,065
Travel card (exchange transactions)	92,234	92,320
PAYE (non-exchange transaction)	1,194,374	-
	106,091,084	**12,776,385**

Payables are settled on invoice or 30 day terms.

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

10. Provisions

Reconciliation of provisions – 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave	676,625	417,336	(139,339)	954,622

Continued:
Notes to the Audited Annual Financial Statements

Reconciliation of provisions – 2015

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave	626,600	1,118,521	(1,068,496)	676,625
Provision for bonuses	949,050	-	(949,050)	-
	1,575,650	**1,118,521**	**(2,017,546)**	**676,625**

The prior year bonus provision represents management's best estimate of the entity's liability for employee benefits taking into account individual performance.

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

11. Revenue from non-exchange transactions

	2016 R	2015 R
National Department of Human Settlements	143,714,031	631,023,000

Continued:
Notes to the Audited Annual Financial Statements

12. Programme costs

Province/Institution	Project	Programme	2016 R	2015 R
Eastern Cape Province				
Imizi Housing Utility	Willowdene	SHIP	38,471,732	1,725,068
Qhama Social Housing Institute	Steve Biko Mumford	SHIP	2,510,375	-
			40,982,107	**1,725,068**
Free State Province				
Madulammoho Housing Association	Brandwag Phase 3	SHIP	**1,365,252**	**-**
Gauteng Province				
Toproot Property Management	Pennyville	SHIP	4,190,510	1,414,666
Toproot Property Management	Riverlea	SHIP	5,225,257	1,792,293
Norvena Property Consortium	O'Reilly Road	SHIP	-	16,446,175
Yeast City Housing	Hofmeyer	SHIP	5,073,146	-
Instratin Properties	Devland	SHIP	8,969,840	-
			23,458,753	**19,653,134**

Continued:
Notes to the Audited Annual Financial Statements

Province/Institution	Project	Programme	2016 R	2015 R
North West Province				
Manapendlo Social Housing Institution	Ellaton	SHIP	-	7,235,425
Instratin Properties	Flamwood	SHIP	51,584,860	-
			51,584,860	**7,235,425**
Western Cape Province				
Johannesburg Social Housing Company	Fleurhof	SHIP	17,900,680	-
Madulammoho Housing Association	Belhar	SHIP	56,006,382	7,350,702
Madulammoho Housing Association	Scottsdene	SHIP	2,046,610	-
Urban Status Rentals	The Block	SHIP	5,142,541	-
			81,096,213	**7,350,702**
Consulting and professional fees			2,823,347	8,007,305
			201,310,532	**43,971,634**

Continued:
Notes to the Audited Annual Financial Statements

13. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

Operating lease charges

	2016 R	2015 R
Premises:		
Straight lined amount	2,381,178	2,331,131
Equipment:		
Contractual amounts	112,311	112,270
	2,493,489	**2,443,401**

	2016 R	2015 R
Amortisation of intangible assets	86,212	183,150
External audit fees	1,060,666	1,102,455
Consulting and professional fees	2,823,347	8,007,305
Council members remuneration	3,775,663	2,355,295
Internal audit fees	317,413	708,503
Impairment adjustments of property, plant and equipment	-	(36,544)
Reversal in impairment of property, plant and equipment	-	(1,390)
Depreciation on property, plant and equipment	1,279,711	944,493
Employee costs	16,128,204	14,773,701
Defined contribution funds	972,075	503,183
Programme costs	198,487,185	35,964,329

Social Housing Regulatory Authority
Audited Annual Financial Statements for the year ended 31 March 2016

Continued:
Notes to the Audited Annual Financial Statements

14. Investment revenue

Interest revenue

	2016 R	2015 R
Bank (exchange transaction)	44,143,197	37,364,799

15. Other payments

	2016 R	2015 R
Movement in payables and accruals	(170,392)	(2,676,776)
Movement in provisions	(277,996)	899,025
Movement in receivables from exchange transactions	148,286	(6,020)
Total expenses	37,307,460	34,418,083
Non Cash Items:		
Depreciation, amortisation and impairments	(1,365,923)	(1,127,643)
Loss on sale	-	-
Impairment reversals	-	37,934
Separately Disclosable Items:		
Employee costs	(15,969,670)	(15,276,884)
	19,671,765	**16,267,719**

Continued:
Notes to the Audited Annual Financial Statements

16. Net cash flows from operating activities

	2016 R	2015 R
(Deficit) surplus	(50,760,764)	589,998,082
Adjustments for:		
Depreciation and amortisation	1,365,925	1,127,643
Impairment reversals	-	(37,934)
Bad debts written off	-	114,128
Movements in operating lease assets and accruals	(287,030)	(117,214)
Movements in provisions	277,997	(899,025)
Refund of prior year surplus to National Treasury	-	(473,338,332)
Changes in working capital:		
Receivables from exchange transactions	(148,286)	6,020
Bad debts written off	-	(114,128)
Other receivables from non-exchange transactions	-	436,000,000
Payables	93,314,698	2,793,990
Recalled Grant Funds	(132,462,005)	277,390,360
	(88,699,465)	**832,923,590**

Continued:
Notes to the Audited Annual Financial Statements

17. Irregular expenditure

	2016 R	2015 R
Opening balance	12,167,452	-
Irregular expenditure incurred in respect of Projects approved by inappropriate constituted Council	117,460,367	12,167,452
Less: Amounts condoned	(129,627,819)	-
	-	**12,167,452**

17.1 Projects approved by inappropriately constituted Council

In terms of the Social Housing Act, 2008 the Council of the Social Housing Regulatory Authority must consist of between seven and twelve non-executive members. During March 2014 to February 2015 and March 2015 the Council only comprised of six and five members respectively. Decisions taken by the Council during the relevant period has been rendered invalid as the Council was not properly constituted and was not authorised to act in terms of the Act. The Social Housing Regulatory Authority has sought legal advice and it has been proposed that the decisions of Council made during the relevant period be remedied by the new Council, which has been properly constituted.

The Council have reviewed and considered its responsibilities in accordance with Treasury Regulations 33 and section 55(2)(b) of the PFMA and have after revision, condoned the irregular expenditure as indicated above on 28 July 2016.

18. Fruitless and wasteful expenditure

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

Continued:
Notes to the Audited Annual Financial Statements

19. Commitments

Authorised capital expenditure

	2016 R	2015 R
Already contracted for but not provided for		
Grants	1,213,536,287	932,766,185
Total capital commitments		
Already contracted for but not provided for	1,213,536,287	932,766,185

This committed expenditure relates to the investment programmes related to social housing projects and will be funded by existing cash resources, retained surpluses and funds internally generated.

Operating leases – as lessee (expense)

	2016 R	2015 R
Minimum lease payments due		
– within one year	-	2,126,139

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five years and have an escalation of between 8% – 10% (2015 : 8% – 10%). No contingent rent is payable.

Social Housing Regulatory Authority
Audited Annual Financial Statements for the year ended 31 March 2016

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Notes to the Audited Annual Financial Statements

20. Related parties

	2016 R	2015 R
Relationships		
Controlling entity National Department of Human Settlements		
Related party transactions		
Revenue received from related parties		
National Department of Human Settlements	143,714,031	631,023,000

Executive Management Remuneration

	Salary	Travel expenses	Bonus	Total package 2016	Total package 2015
Executive Council Members					
Acting CEO: Adv S Ntsaba-Letele	-	-	-	-	1,533,432
Corporate Services Manager: Ms T Shongwe	53,690	225	-	53,915	731,662
Chief Executive Officer: Mr R Gallocher	343,650	2,953	-	346,603	-
Acting Corporate Services Manager: Mr V Fakudze	607,036	1,500	-	608,536	-
	1,004,376	**4,678**	**-**	**1,009,054**	**2,265,094**

Continued:
Notes to the Audited Annual Financial Statements

Adv S Ntsaba-Letele was seconded to the National Department of Human Settlements on 31 October 2014. Ms. S Ngxongo was appointed as Acting Chief Executive Officer 31 October 2014. Ms. S Ngxongo is an employee of the National Department of Human Settlements and an Acting allowance of R323,144 has been provided for. Ms. S Ngxongo's secondment ended with the appointment of Mr. R Gallocher as Chief Executive Officer on 1 February 2016. Ms. T Shongwe resigned on 10 April 2015. Mr. V Fakudze was appointed as Acting Corporate Services Manager on 22 October 2015. Included in the Salary of Mr V Fakudze is an Acting allowance of R146,137.

	Salary	Travel expenses	Bonus	Total package 2016	Total package 2015
Executive Managers					
Company Secretary: Ms K Mahlangu	826,830	-	20,074	846,904	486,409
Finance Manager: Mr V Fakudze	646,006	6,292	55,000	707,298	1,206,903
Regulations Manager: Mr K Boqwana	1,300,047	14,024	60,000	1,374,071	1,409,177
Intervention Manager: Mr D Koekemoer	1,093,460	16,448	60,000	1,169,908	1,159,964
	3,866,343	**36,764**	**195,074**	**4,098,181**	**4,262,453**

Social Housing Regulatory Authority
Audited Annual Financial Statements for the year ended 31 March 2016

Continued:
Notes to the Audited Annual Financial Statements

21. Financial instruments disclosure

Categories of financial instruments

2016
Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	826,132	826,132
Cash and cash equivalents	789,712,344	789,712,344
	790,538,476	**790,538,476**

Financial liabilities

	At amortised cost	Total
Payables	104,896,711	104,896,711

Continued:
Notes to the Audited Annual Financial Statements

2015
Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	680,596	680,596
Cash and cash equivalents	878,441,392	878,441,392
	879,121,988	**879,121,988**

Financial liabilities

	At amortised cost	Total
Payables	12,776,386	12,776,386

22. Risk management

Financial risk management

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

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

Continued:
Notes to the Audited Annual Financial Statements

Liquidity risk

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

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

At 31 March 2016

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	104,896,711	-	-	-

At 31 March 2015

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	12,776,386	-	-	-

Credit risk

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

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

Continued:
Notes to the Audited Annual Financial Statements

Market risk

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

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

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

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

23. Contributions to Defined Contribution Plan

	2016 R	2015 R
Pension	972,075	503,183

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

24. Update on subsequent events disclosed in the financial statements for the year ending 31 March 2015

On 15 July 2014 the Minister of Human Settlements - in the National Department Human Settlements 2014 Budget Vote speech – announced that the Social Housing Regulatory Authority (SHRA) would be placed under administration and be absorbed as a component of the National Department of Human Settlements as it had been unable to fulfil its mandate. The Minister went on further to indicate that the Council of the SHRA at that time, would retain its responsibility until the restructuring is complete.

Continued:
Notes to the Audited Annual Financial Statements

Since the date of the announcement, the entity engaged the Minister to clarify the impact and intention of the statement. A new council, comprising of 12 non-executive members was appointed on 18 March 2015. Post this announcement, additional responsibilities have been given to the entity by the National Department of Human Settlements to effectively align the SHRA's mandate and delivery in line with the targets set out in the Medium Term Strategic Framework 2015 – 2019. It is, therefore, Council's opinion that the continued operation of the entity, in its current legal form, will remain intact for the foreseeable future.

25. Subsequent events

No other significant events have occurred subsequent to year end that require disclosure in or adjustments to these financial statements.

26. Changes in accounting policy

Property, plant and equipment

During the year, the entity changed its accounting policy with respect to the treatment of property, plant and equipment. Previously the entity adopted the revaluation method as per GRAP – 17: Property, Plant and Equipment. During the current year management changed its accounting policy to the cost model in accordance with Directive 11 – Changes in measurement bases following the initial adoption of standards of GRAP. This Directive allows an entity, that has initially adopted the revaluation model for property, plant and equipment to change its accounting policy on a once-off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. This change will give more reliable and relevant information as all the assets classified as Property, plant and equipment are used for administrative purposes, for which revaluations have not provided significant benefits in the past to the entity.

The aggregate effect of the changes in accounting policy on the audited annual financial statements for the year ended 31 March 2015 is as follows:

Continued:

Notes to the Audited Annual Financial Statements

Statement of financial position

	2016 R	2015 R
Property, plant and equipment		
Previously stated carrying value	-	2,220,528
Adjustment carrying value	-	(310,619)
	-	**1,909,909**
Revaluation reserve		
Previously stated	-	296,351
Adjustment	-	(296,351)
	-	**-**
Opening retained earnings		
Previously stated	-	473,338,332
Adjustment	-	9,046
	-	**473,347,378**

General Information

Country of incorporation and domicile	Republic of South Africa
Council Members	Mr. ZT Ngcakani (Chairperson) Mr. R Gallocher (Chief Executive Officer) Mr. V Fakudze (Acting Corporate Services Manager) Ms. S Ngxongo (Former Acting Chief Executive Officer) Ms. T Shongwe (Former Corporate Services Manager) Mr. SK Ganda Mr. IW Kotsoane Ms. RS Molokoane Mr. PWW Ximiya Ms. NN Mbiza Mr. MR Moroka Adv. M Mdludlu Ms. MJ Lamola Ms. KE Kwinana Mr. MI Higgins Ms. ZZ Ntlangula
Registered office	Ground Floor Building B 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	Ernst & Young Incorporated Registered Auditors
Preparer	The annual financial statements were compiled by: Excelerate Chartered Accountants Inc. Chartered Accountants (SA)
Reviewer	V. Fakudze Financial Manager

List of Abbreviations/ Acronyms

APP	Annual Performance Plan
BNG	Breaking New Ground
CEO	Chief Executive Officer
CSM	Corporate Services Manager
HR	Human Resources
IRC	Independent Review Consultant
IT	Information Technology
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDoHS	National Department of Human Settlements
NDP	National Development Plan
NHFC	National Housing Finance Corporation
NSHP	National Social Housing Programme
ODA	Other Delivery Agent
PFMA	Public Finance Management Act, No. 1 of 1999
RCG	Restructuring Capital Grant
SHI	Social Housing Institution
SHIP	Social Housing Investment Programme
SHRA	Social Housing Regulatory Authority

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REPUBLIC OF SOUTH AFRICA

SHRA
Social Housing
Regulatory Authority

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