SHRA
SOCIAL HOUSING REGULATORY AUTHORITY

ANNUAL REPORT
2023/24 FINANCIAL YEAR

"Building Futures: Empowering Communities through Sustainable Housing"

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PART A

GENERAL INFORMATION

PUBLIC ENTITY'S GENERAL INFORMATION

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Website:	www.shra.org.za
External auditors:	RAiN Chartered Accountants Inc.
Bankers:	First National Bank Limited Corporation for Public Deposits with South African Reserve Bank
Company Secretary:	IKB Company Secretaries (Pty) Ltd
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LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General South Africa
AIA	Africa International Advisors
APP	Annual Performance Plan
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
BIS	Bank for International Settlements
BNG	Breaking New Ground Policy (2004)
CAR	Compliance, Accreditation and Regulation
CCG	Consolidated Capital Grant
CEO	Chief Executive Officer
COLA	Cost of Living Adjustment
CP	Conditions Precedent
CPD	Corporation for Public Deposit
CRU	Community Residential Unit
DHS	Department of Human Settlements
DPCI	Directorate for Priority Crime Investigation
DPME	Department of Planning, Monitoring and Evaluation
EC	Eastern Cape
ENE	Estimate of National Expenditure
ERRP	Economic Reconstruction and Recovery Plan
EXCO	Executive Committee
FC	Financial Closure
FNB/BER	First National Bank/Bureau for Economic Research
FS	Free State
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practice
HDA	Housing Development Agency
HR	Human Resources
ICAS	Independent Counselling and Advisory Services
ICT	Information Communication Technology
IIG	Institutional Investment Grant
IRBA	Independent Regulatory Board for Auditors
IS	Institutional Subsidy
ISA	International Standards on Auditing
ITGCR	Information and Communication Technology – General Controls

IUDF	Integrated Urban Development Framework
KZN	KwaZulu-Natal
LP	Limpopo Province
MANCO	Management Committee
MEC	Members of the Executive Council
MISA	Municipal Infrastructure Support Agent
MoE	Municipal Owned Entities
MP	Mpumalanga Province
MTSF	Medium Term Strategic Framework
NC	Northern Cape
NDoHS	National Department of Human Settlements
NDP	National Development Plan
NPC	Non-Profit Company
NT	National Treasury
NW	North West
OD	Organisational Design
ODA	Other Delivery Agent
OTP	Offers to Purchase
PAA	Public Audit Act
PD&F	Project Development and Funding
PFMA	Public Finance Management Act (Act No. 1 of 1999)
POPI	Protection of Personal Information
PSCC	Property Sector Charter Council
RCG	Restructuring Capital Grant
RRRP	Residential Rent Relief Programme
SALGA	South African Local Government Association
SAPS	South African Police Service
SARB	South African Reserve Bank
SCOPA	The Standing Committee on Public Accounts
SD&T	Sector Development and Transformation
SH	Social Housing
SHA	Social Housing Act
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SMME	Small, Medium and Micro Enterprises
WC	Western Cape

FOREWORD BY THE MINISTER

According to HSRC research on Social housing, "If located in high-value inner-city areas, social housing would mean better employment opportunities, disposable incomes, decreased travel costs, better education and better healthcare". The primary aim of social housing specifically is to bring low- and middle-income people into well-located neighbourhoods and to address spatial segregation and spatial injustice. The research also shows that Social housing can also allow multiple families to benefit from the same public investment in housing infrastructure.

The role of the SHRA is to ensure that the public investment in social housing benefits deserving beneficiaries and it reaches a wider audience across the country. Delivery of 3 066 social housing units was completed in 2023/24 from 11 projects, narrowly missing the annual target of 3 200 units. Cumulatively, this translates to a total of 13 885 units for the past five years ending on a seventy-seven percent (77%) achievement of the Medium-Term Strategic Framework (MTSF) 2019–2024 target of 18 000 units. However, Gauteng province has the lion's share of the projects.

Gauteng still comprises the largest share of the South African population, with approximately 15 million people (24%) living in this province. KwaZulu-Natal has the second largest population, with an estimated 12. 4 million people (20.0%). With a population of under 1.4 million people (2 %), Northern Cape remains the province with the smallest share of the South African population. However, in terms of Social Housing other provinces must also benefit from the public investment. SHRA must drive geographic spread as deliberate programme.

Furthermore, in terms of project pipeline Gauteng Province stands out, due to a robust representation and a high rate of successful accreditations, likely due to well-prepared submissions and an active pursuit of social housing opportunities by delivery agents. This focus on Gauteng aligns with its status as South Africa's economic centre as noted in the 2022 census, highlighting its attraction to both international and domestic migrants and, consequently, a higher demand for social housing.

Of the 72 projects currently in the SHRA pipeline, 32 are proposed by Other Delivery Agencies (ODAs) and 40 by accredited Social Housing institutions (SHIs), including MoEs, with the majority being owned or controlled by black individuals, except for the MoEs. The project pipeline features contributions from across most provinces. Provinces that are not represented in the pipeline are being supported to ensure growth in the social housing portfolio in their localities. I am very concerned about the number of projects that either blocked or under distress especially those that are managed by SHIs. I will be paying more attention on the performance of SHIs and work closely with them to find ways to make their business models more viable and sustainable.

During the year under review it is pleasing to note the entity received a clean audit for the first time since the SHRA's inception. Similarly the performance on predetermined objectives improved from fifty-eight percent (58%) in the previous financial year to sixty-four percent (64%) in the year under review, which signals a recovery and upward trajectory on performance. These developments are significant given the performance in the years before the under review. We hope and expect to see improving performance of the entity also translating into increased delivery of social housing units.

I expect SHRA working closely with the National Housing Finance Corporation (NHFC) to pursue opportunities of working crowding in private sector investment and many other actors in ambitious and pragmatic ways.

Let me take this opportunity to express my gratitude to the board led by chairperson Pulane Thobejane, for agreeing to serve on the board and putting effort and dedication in ensuring that the SHRA was stabilised and improve in performance. Let me also thank the executive led by Mr Lebowa Letsoalo and the rest of the staff for showing resilience and turning the SHRA around.

Mmamoloko Kubayi, MP
Minister of Human Settlements

FOREWORD BY THE CHAIRPERSON

Ms Pulane Mogotsi-Thobejane

Council Chairperson

Introduction

As the recently appointed Chairperson of the Social Housing Regulatory Authority (SHRA), I am honoured to present our 2023/24 annual report. This report reflects a year of resilience, progress, and unwavering commitment to our mandate.

High-Level Overview of the SHRA Strategy and Performance

The MTSF Priorities around spatial transformation through multi-programme integration and providing adequate housing and improved quality living environments. Our focus remains on delivering quality, affordable social housing in strategically located areas, directly contributing to the national goal of spatial integration and transformation of human settlements. We continue to advance social housing initiatives across South Africa improving urban densities, spatial transformation, economic integration, and inclusivity for household who would not otherwise afford to access suitable accommodation due to market failure.

Despite these achievements, we acknowledge the shortfall in meeting some of our targets in a constrained fiscal environment. The SHRA aimed to deliver 18 000 social housing units during the Medium-Term Strategic Framework (MTSF) period of 2019-2024. Over the past five years, we have completed 13 885 units, with a shortfall of 4 115 units.

Over the same five-year period, we have witnessed significant growth in our regulated portfolio. From 36,305 units managed by 28 institutions in 2019, we have expanded to 46,809 units overseen by 42 institutions as at end March 2024. This represents a 29 per cent increase in our portfolio size. While this demonstrates progress in expanding social housing availability it does require a focus on the institutional capacity and regulatory oversight to ensure that the existing portfolio is sustainable and able to continue to provide a quality living environment for low-to- middle income households.

Strategic Relationships

Strategic relationships are fundamental to our success at delivering the programme. The SHRA has continues to actively collaborate with provincial and municipal authorities, various government departments and entities as well as funders. These partnerships are crucial for securing funding for social housing development and navigating the complexities of project delivery. Our engagements have facilitated a progression to the next phase the acceleration of housing delivery, ensuring the sustainability of social housing projects and delivery agents.

Challenges Faced by Council

The journey has not been without its challenges. Cost containment and prudent fiscal measures implemented by government require the SHRA to carefully consider to the quality and prioritisation for new projects given the reduction in service delivery budgets across the human settlements' portfolio.

The social housing sector faces sustainability threats from criminal rental boycotts. 'Construction mafias' — criminal groups illegally occupying construction sites and extorting developers—has added complexity to project delivery, affecting community dynamics and requiring increased security measures. These challenges have prompted a need for strategic response across government to mitigation such instances which hampers service delivery progress.

From a regulatory perspective, the SHRA has had to take action against non-performing institutions who are experiencing distress due to a variety of factors that range from poor maintenance and maladministration. A concerted effort with stakeholders to systematically consider when and best to intervene in such instances.

Strategic Focus Over the Medium to Long Term

Looking ahead, our strategy revolves around ensuring long-term sustainability and affordability. Crucially, collaborating with other spheres of government to ensure the overall costs of providing decent accommodation remain affordable. This includes, addressing the rising costs of rates and taxes, and tackling the increasing costs of utilities with strategic partners.

We recognise that affordability goes beyond just rental rates. By working closely with social housing delivery agents, municipalities and provincial departments, we aim to create a more holistic approach to affordability that considers all aspects of living costs for our tenants. This collaborative effort is essential to maintain the viability of social housing as a long-term solution for low-to-middle income South Africans.

Our regulatory framework is being strengthened to ensure early detection of issues and swift, effective interventions. We're also exploring innovative funding models and partnerships to enhance the sector's resilience against economic shocks and rising costs.

Looking ahead, our strategic focus remains on expanding and improving social housing delivery. We aim to address the shortfall in housing units by enhancing our project pipeline, which currently includes 72 projects with a potential of 36 177 units, translating to an approximate investment of R15 billion. Our efforts will also concentrate on increasing the accreditation of delivery agents, enhancing municipal and provincial support to bolster capacity to deliver sustainable social housing, and fostering transformation throughout the value chain.

Acknowledgements/Appreciation

I extend my heartfelt appreciation to the Honourable Minister for having elected me as Chairperson and to all stakeholders who have contributed to our achievements. Our progress would not have been possible without the dedication and support of our partners, including delivery agents, government departments, funders, and private sector participants. Special thanks go to the SHRA staff and management for their perseverance and commitment. Your efforts are the backbone of our success.

Conclusion

In conclusion, while we have faced numerous challenges, our achievements over the past year underscore our resilience and commitment to advancing social housing in South Africa. As we look to the future, we remain steadfast in our mission to create inclusive, economically empowered, and integrated communities. Together, we will continue to navigate the complexities and drive sustainable growth in the social housing sector.

Ms. Pulane Mogotsi-Thobejane
Social Housing Regulatory Authority

30 August 2024

OVERVIEW FROM THE ACTING CEO

Mr Lebowa Letsoalo
Acting Chief Executive Officer

Introduction

As I start my tenure as the Acting CEO of the Social Housing Regulatory Authority (SHRA), it is my privilege and honour to introduce the Annual Report for the 2023/24 financial year. This report reflects a period of resilience and progress for the SHRA, highlighting our dedication to enhancing social housing delivery amidst a challenging economic and social landscape. It is a testament to our dedication towards improving the lives of South Africans through quality, affordable and sustainable housing solutions for low-to-middle income households while also contributing towards the country's economic recovery.

The 30-Year Review of South Africa's Democracy report released by The Presidency and the Department of Planning, Monitoring and Evaluation (DPME) at the beginning of May 2024, noted that "throughout the democratic dispensation, the government has made significant strides in meeting the basic daily needs of millions of households". The SHRA continues to make meaningful impact in the daily lives of South Africans through the provision of decent, affordable rental housing. The SHRA, an agency of the National Department of Human Settlements, has existed since 2008 and has contributed significantly to the government's priority of addressing persistent housing delivery shortfalls, among other initiatives. Our organisation remains determined to continue executing this mandate with diligence.

Operating Environment

Tenants are one of the key stakeholders of the social housing programme. Their rentals contribute to sector sustainability in no small measure. The South African residential rental sector continued to perform strongly with low vacancies in the fourth quarter of 2023, continuing its recovery trend of the previous three quarters. One of the reasons for this strong performance was higher interest rates and low consumer confidence which deterred many South Africans from home ownership and saw a shift to the more secure and predictable alternative of renting residential property. However, the social housing tenant target market remains under financial pressure due to a constrained disposal cash due to the forever increasing rates and taxes over and above the municipal utilities costs.

The South African Reserve Bank embarked on an interest rate hiking cycle in November 2021, which saw ten consecutive interest rate hikes. It is unclear when – and by how much – interest rates will start decreasing. In April 2024, the Monetary Policy Committee of the SARB, while acknowledging that headline inflation had generally eased but setbacks had emerged in food and energy inflation in recent months pushing it closer to the upper limit of the target band, it left rates unchanged for a fifth consecutive quarter and said it needed more evidence that inflation would anchor at the 4.5% target "sustainably".

Administered prices continue to exert substantial upward pressure on headline inflation. These regulated, public sector-controlled prices frustrate efforts to bring inflation down and maintain it at the midpoint of the target band. Consequently, they also erode competitiveness. Electricity and water prices, in particular, have for several years inflated at rates well above the 4.5% midpoint of the inflation target band. Efficiency gains in these sectors would be important to ensuring that long-run, cost-reflective prices are achieved. Other administered prices, such as education and assessment rates are influenced by headline inflation outcomes and should be more closely aligned to the target midpoint itself. Reducing headline inflation would bring down administered price inflation, creating a virtuous cycle.

Administered prices impact tenants directly as water, electricity and domestic effluent charges escalate at disproportionately higher rates compared to their rentals.

These interest rate hikes have put increased financial pressure on consumers and encouraged a more frugal approach to household expenditure, including strictly managing accommodation costs. The combination of sluggish economic growth, high unemployment, above inflation cost of municipal services amidst strained municipal service delivery has made many South Africans extremely sensitive. This is felt more acutely in the social housing sector and there are signs that the tenants are under increasing pressure with a longer turn-around time to take up completed units and the social housing landlords are continuously looking at innovative ways to overcome this challenge.

Due to a combination of factors, both external and internal the Social Housing Programme has experienced an increase in the number of institutions being placed under administration under the Social Housing Act, and filing for business rescue in terms of the Companies Act. A focused effort is being made to proactively intervene in such instances and safeguard the state's investment through adequately funded interventions.

Organisational Performance

In the current financial year and beyond, the SHRA will unleash its true capacity including some of the unexplored avenues. Through a concerted effort by Council and management, it is therefore pleasing that we received a clean audit for the first time since the SHRA's inception. Our performance on predetermined objectives improved from fifty-eight percent (58%) in the previous financial year to sixty-four percent (64%) in the year under review, which signals a recovery and upward trajectory on performance.

Transformation initiatives and expenditure on designated groups remains a key focal point for human settlements delivery. In the year under review, we have successfully managed to direct forty-one percent (41%) or R16 million of our Opex procurement spend towards female-owned enterprises. However, targeted expenditure towards the other categories of designated groups was sub-par and remains an area of key focus in the new financial year.

Delivery of 3 066 social housing units was completed in 2023/24 from 11 projects, narrowly missing the annual target of 3 200 units. Cumulatively, this translates to a total of 13 885 units for the past five years ending on a seventy-seven percent (77%) achievement of the Medium-Term Strategic Framework (MTSF) 2019–2024 target of 18 000 units. As an organisation, we believe that there is much to be done to expedite the delivery of social housing units. Strategies have been put in place to make sure that we improve our delivery through an improved contract, project management initiatives and to unblock projects that are experiencing viability challenges further to the aftermath of COVID-19 and the civil unrest experienced in KwaZulu-Natal over July 2021.

Social housing development aligns with the objectives of the Economic Reconstruction and Recovery Plan (ERRP). We have not only advanced the provision of quality affordable and sustainable housing but also contributed to broader economic revitalisation goals – contributing to gross fixed capital formation, job creation and SMME development to name a few. In this financial year, our social housing projects have created 9 516 job opportunities, demonstrating the impact of our initiatives by stimulating economic growth.

Capacity Review

The SHRA Council initiated an organisational review to ensure alignment with shareholder expectations, respond to market expectations of an agile and focused organisation, and adapt to changes in the operating environment. The review was also aimed at addressing performance in the organisation, to ensure that the organisation remains operationally efficient, and is adequately capacitated to carry out its mandate. Maintaining financial prudence in the context of current increasing fiscal constraints had resulted in the structure not being fully implementable. This is an area that requires further engagement between NDHS and the SHRA Council towards finding permanent resolution while working within the available funding sources and being innovative.

Governance

Our governance structures are based on the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance. The Council is the Accounting Authority of the SHRA. The Council of a public entity constitutes a fundamental base for the application of corporate governance principles in the public entity.

Building an ethical organisation remains a priority. The Council has developed and adopted an Ethics Management Strategy and an approach in the financial year that forms a cornerstone of the entity's ethos and code of conduct. The tone is being set at the top.

As part of strengthening governance, it is key that all executive positions are permanently in place, there is overall support to Council through the Company Secretariat and adequately responding to the shareholder's requirements, instilling confidence to the stakeholders, especially the financiers who have continued to support the social housing programme.

The challenging external environment combined with the rapid increase in digital activity remain the key drivers of increasing levels of financial crime. The SHRA has been investing heavily in developing cyber-resilience, while ensuring client data is suitably protected in terms of the POPI Act. While we have had no major incidents, we are not letting our guard down and will continue to develop an integrated approach to financial crime risk management that involves risk assessment, prevention, detection and response.

Risk Management

The SHRA journeys towards realising an optimal risk culture as well as integration of risk management with its planning, performance, and sustainability management programmes. This entails alignment from the Council, the Audit and Risk Committee, as well as SHRA management and staff through a combined assurance framework, with a key focus on solidifying the five (5) lines of assurance.

To underpin the risk culture in the organisation, we also appointed a Chief Risk Officer, the first in the history of the organisation.

While the SHRA has managed to stave off cyber-attacks, we have, unfortunately, seen physical attempts at taking over some of our developments and/or construction sites by criminal syndicates. In line with our principle of zero tolerance we spare no effort at seizing back control of these assets with the assistance of the security cluster and other stakeholders. We look forward to even greater cooperation with the criminal justice cluster.

The SHRA does not have any appetite for and will not tolerate any fraudulent, illegal, corrupt or unlawful acts by employees, clients and/or suppliers. We will investigate any such matters fully and will take the necessary disciplinary and/or civil/criminal action (where appropriate) against any employee, client or supplier involved in confirmed fraudulent acts.

Financial Review

The SHRA is guided by the Appropriations Act that provides the framework for budgetary allocations and expenditure authorisation for the entity to undertake its mandate.

The entity experienced a technical deficit of R150.5 million in the 2023/24 fiscal year compared to a surplus of R59.3 million in 2022/23. This deficit is primarily due to increased programme costs stemming from accelerated delivery on projects. Funding of the additional expenditure came from the retention of surplus funds approved by National Treasury and could not be recognised as revenue in the current year as it had previously been recognised as such.

Expenditure on the Consolidated Capital Grant (CCG) increased by R261.5 million to R1.031 million in the current year, or ninety percent (90%) of the final annual budget allocation. Council approved the revised budget and submitted it to the Executive Authority in terms of section 53(1) of the PFMA. The original approved budget was revised in February 2024 following the National Treasury approval of the retention of surplus funds. An amount of R314 million was adjusted for use towards the implementation of the consolidated capital grant retained funds. Over the past three years, the SHRA has managed to spend on average ninety-seven percent (97%) of the budget allocation.

The year under review also saw increased support and regulatory interventions undertaken to assist institutions that suffer from distress or maladministration, reflecting our commitment to our core regulatory mandate and the objective of protecting the State's investment in the social housing programme. This is an area that requires more strengthening, budgetary and human capital support in the next administration as we seek to re-emphasize the SHRA's existence as a regulator.

The negative economic climate continues to adversely affect the full realisation and potential contribution towards the economy. The SHRA plays a counter-cyclical role through the development and funding of key infrastructure programmes in the human settlements space. We have not been insulated from these adverse conditions and budget cuts. An in-year capital grant budget reduction of R25 million was implemented and a further reduction of R315 million on the baseline CCG allocations will occur over the next three years. This will negatively impact delivery capacity in the coming years as it erodes an approximate 800 units from the programme.

Discontinued Operations

The Residential Rent Relief Programme was developed to provide temporary financial relief to low-income residential tenants and landlords in circumstances where tenants were struggling to meet their rental obligations as a consequence of financial distress associated with the COVID-19 pandemic. During the year, commitments of R14.1 million were paid to all qualifying tenants through their landlords.

In the period under review National Treasury recalled the unutilised portion of the fund due to the improvement in economic conditions, thus making the 2024 financial year the last of the programme. Now as a learning regulator, the SHRA must now forward-think about an instrument to insulate the sector and the fiscus against any other and future pandemics.

Going Concern and Sustainability

The SHRA's annual financial statements were prepared based on accounting principles applicable to a going concern. This basis assumes that there will be funds 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.

In administrating financial prudence, the SHRA is compliant with legislative requirements such as the Social Housing Act, PFMA, and National Treasury Instruction Notes. Consequently, our Council and management do not expect any material uncertainty over the entity's ability to continue as a going concern in the foreseeable future.

Irregular, Fruitless, and Wasteful Expenditure

The SHRA has not incurred any fruitless and wasteful expenditure nor any unauthorised expenditure for the 2022/23 and 2021/22 financial years.

Audit Report Matters

In 2022/23, the SHRA received an unqualified audit report with findings. An action plan was drawn up that itemised the Auditor-General's findings, root causes, and designating responsibility for the corrective action. By the end of March 2024, significant steps were taken to rectify all the findings. Of the seventeen (17) matters identified, all have been completed.

Audit Outcome

In the 2023/24 financial year the SHRA had a commendable audit outcome of an unqualified audit with no material findings. Critically important is that this achievement comes in a year where we increased spending across our key programmes. Furthermore, key areas like supply chain and ICT experienced a reduced number of findings compared to previous years.

Acknowledgements and Appreciation

I would like to thank the SHRA Council, under the leadership of Ms Pulane Mogotsi-Thobejane who was appointed as Chairperson in March 2024, for her dedication and guidance.

I also extend my heartfelt appreciation to the Minister of Human Settlements, Minister Kubayi, for her unwavering support and endorsement of the programme. The Director General of the Department of Human Settlements settled into his new position and provided leadership towards resolving some long outstanding issues affecting the sector.

Finally, I acknowledge the sacrifices of the SHRA executives and the SHRA team who have been part of the journey to ensure that the SHRA is a beacon of hope for many South Africans. Your commitment and hard work are invaluable to the success and rollout of affordable housing options to the citizens of our country. We also appreciate the ongoing support of the investment community, and our other key stakeholders especially the tenants who play a very critical role in the whole social housing eco system.

Lebowa Letsoalo
Acting Chief Executive Officer
Social Housing Regulatory Authority

30 August 2024

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by RAiN Chartered Accountants.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (Act No. 1 of 1999) (PFMA) as amended.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control and has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors were engaged to express an independent opinion on the annual financial statements. The annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.

Yours faithfully

Pulane Mogotsi-Thobejane
Chairperson of Council
30 August 2024

Lebowa Letsoalo
Acting Chief Executive Officer
30 August 2024

STRATEGIC OVERVIEW

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

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

VALUES

Value	Description
Service/Stewardship	We know that exceptional service is important, and we intend to go the extra mile to ensure that we meet the needs of our beneficiaries.
Zealousness	We approach every day with a positive attitude, a willingness to grow, and a thirst for learning and challenging ourselves.
Connectedness/ Interconnectedness	We recognise that everything we do comes about as a result of team effort, and that by cooperation with one another we achieve results collectively, which enhances our efficiency and effectiveness.
Accountability	We understand that we serve the best interests of the citizens of our country and, as such, we are serious about being held responsible and accountable for our words, actions, and results.
Our employees are holistic human beings	Our employees are the heartbeat of our organisation. Each one of them matters; they are valued, their opinion matters, their contributions are worthy.

Legislative and other mandates

Constitutional Mandate

At the apex of the legislative mandate informing the work of the SHRA is the Constitution of the Republic of South Africa (Act No. 108 of 1996), as the supreme law of the Republic of South Africa. Along with the Bill of Rights, the Constitution forms the legal foundation of a democratic South Africa, sets out the rights and duties of its citizens and defines the structure of the government.

The right to housing is enshrined in section 26 of the Constitution, which states that:

(a) Everyone has a right to have access to adequate housing.

(b) The State must take reasonable legislative and other measures within its available resources to achieve the progressive realisation of this right.

(c) No one may be evicted from their home or have their home demolished without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.

Housing Act (Act No. 107 of 1997)

The Act provides for the facilitation of a sustainable housing development process. For this purpose, it lays down general principles applicable to housing development in all spheres of government, to give effect to the constitutional obligation. It provides for:

I. The national government, acting through the Minister, must after consultation with every Member of the Executive Committee (MEC), national organisations, and representing municipalities, establish and facilitate a sustainable national housing development process.

II. Every provincial government through its MEC, must after consultation with the provincial organisations representing municipalities, do everything in its power to promote and facilitate the provision of adequate housing in its province within the framework of the national housing policy.

III. Every municipality must, as part of the municipality's process of integrated development planning, take all reasonable steps within a framework of national and provincial housing legislation and policy to ensure that the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis.

In terms of Section 3(4)(h) of the Housing Act (1997), the Minister may establish and finance national institutions for the purposes of housing development and supervise the execution of their mandate.

Prevention of Illegal Eviction and Unlawful Occupation of Land Act (Act No. 19 Of 1998 as amended)

The Act is aimed at providing protection to people against illegal eviction and addressing unlawful occupation of land. The act seeks to strike a balance between the rights of property owners and the rights of occupiers or tenants, especially those who may be vulnerable or economically disadvantaged.

Rental Housing Act (Act No. 50 of 1999 as amended)

The Act repealed the Rent Control Act of 1976 and sets out the government's role concerning rental housing properties. It establishes procedures to encourage the availability of rental housing and to ensure a well-functioning rental housing market. Moreover, it fosters harmonious relationships between tenants and landlords by outlining overall lease conditions and principles for appeals and conflict resolution between tenants and landlords. Additionally, the Act creates provisions for the establishment of Rental Housing Tribunals and clearly outlines the responsibilities, authority, and functions of these Tribunals and requires all local municipalities to have rental housing information offices.

Social Housing Act (Act No. 16 of 2008)

The Social Housing Regulatory Authority (SHRA) was established by the National Department of Human Settlements (NDoHS) as prescribed by the Social Housing Act (Act No. 16 of 2008). The SHRA is classified as a national public entity in terms of Schedule 3A of the Public Finance Management Act (Act No. 1 of 1999 as amended). The SHRA's mandate is to invest in, as well as capacitate and regulate the social housing sector.

The purpose of the Act is to:

I. Establish and promote a sustainable social housing environment.

II. Define the functions of national, provincial, and local governments in respect of social housing.

III. Provide for the establishment of the SHRA to regulate all Social Housing Institutions (SHI) obtaining or having obtained public funds.

IV. Allow for the undertaking of approved projects by SHIs and other delivery agents with the benefit of public money.

V. Provide for statutory recognition to SHIs.

In terms of the Act, the role of the SHRA is to:

- Accredit institutions meeting accreditation criteria as SHIs and maintain a register of SHIs. In addition, conduct compliance monitoring through regular inspections and enforce compliance where necessary.
- Provide financial assistance to SHIs through grants to enable them to develop institutional capacity, gain accreditation as SHIs, and submit viable project applications.
- Approve, administer, and disburse institutional investment grants and capital grants and obtain applications for such grants through engagement with provincial governments and municipalities.
- Promote the development and awareness of social housing and promote an enabling environment for the growth and development of the Social Housing Sector.
- Make rules and regulations in respect of the accreditation of SHIs and the disbursement of government funds to them.
- Support provincial governments with the approval of project applications by SHIs and assist, where requested, in the process of the designation of restructuring zones.
- Intervene if it is satisfied on reasonable grounds that there has been maladministration by an SHI.
- Whilst the Social Housing Act (SHA) provides the legal framework for the establishment and mandate of the SHRA, various other legislation regulates how the SHRA should give effect to its mandate, notably these are:

Table 1: Legislative and policy mandates

Legislation	Relevance
Public Finance Management Act (Act No. 1 of 1999) as amended	Provides the basis for the management of public funds by public entities listed in terms of the PFMA. The SHRA is listed as a Schedule 3A National Public Entity and is obligated to adhere to the requirements and principles of the Act which is critical as it embodies the legislative reporting requirements and governs our operations.
Preferential Procurement Policy Framework Act (Act No. 5 of 2000) as amended	Ensure that government's preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practice. Provides the mechanism for ensuring that procurements set aside benefit vulnerable/ designated groups, including women, youth, and persons with disabilities.
Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003) as amended	Establishes a legislative framework for the promotion of black economic empowerment. It empowers the Minister to issue Codes of Good Practice, publish transformation charters, and establish the Black Economic Empowerment Advisory Council.
Intergovernmental Relations Framework Act (Act No. 13 of 2005) as amended	Provides for a framework for the national government, provincial governments, and local governments to promote and facilitate intergovernmental relations as a means for the three spheres of government to work together in the delivery of services.
Co-operatives Act (Act No. 14 of 2005) as amended	Provides for the formation and registration of co-operatives, the establishment of a Co-operatives Advisory Board, and the winding up of co-operatives. The Co-operatives Amendment Act (Act No. 6 of 2013) came into effect in 2019 and provides for the establishment, functions and powers of the Co-operatives Development Agency.
Spatial Planning and Land Use Management Act (SPLUMA) (Act No. 16 of 2013)	Aligns spatial planning with the Constitution, and specifically introduces the principles of spatial justice, spatial efficiency and sustainability to guide all decision-making. Established semi-independent Tribunals to adjudicate on planning decisions and cascading spatial development frameworks.
Municipal Systems Act (Act No. 2 of 2000)	Provides for the core principles, mechanisms and processes that are necessary to govern at the local government sphere and enables municipalities to move progressively towards the social and economic upliftment of communities with reference to rental housing.

Legislative and other mandates continued

Legislation	Relevance
Consumer Protection Act (Act No. 68 of 2008)	Aims to protect the rights and interests of consumers in various transactions including residential leasing.
Property Practitioners Regulatory Act (Act No. 22 of 2019)	Regulates property practitioners and the continuation of the Estate Agency Affairs Board as the Property Practitioners Regulatory Authority.
Appropriation Act (as amended)	Appropriates money from the National Revenue Fund annually to fund Social Housing and sets out the conditions for the spending of funds.

Policy	Intention
Housing White Paper (1994)	Establishes a sustainable housing process which will eventually enable all South African citizens to access secure housing within a safe and healthy environment and viable communities, in secure tenure.
Breaking New Ground (BNG) (2004)	Enhances social mobility and promotes a non-racial, integrated society through delivery of housing products, particularly through an Social Housing (SH) institutional mechanism that would hold and effectively manage housing as a public asset over a period of time. This housing would be medium-density units rented to occupants. BNG saw a shift from stabilising the housing environment to enabling sustainable human settlements.
Social Housing Policy (2005)	Provides access to affordable, quality rental housing located within designated urban restructuring zones, managed by accredited social housing institutions (SHIs), the costs of which are predominantly subsidised by the government.
Housing Code (2009)	Sets the underlying policy principles, guidelines, and norms and standards which apply to Government's various housing assistance programmes introduced in 1994 and since updated.
National Development Plan (NDP) (2013)	Identifies how rental housing can contribute towards economic development, employment creation, urban integration, and revitalising lower-end property markets.
Integrated Urban Development Framework (IUDF) (2016)	Ensures spatial integration, improves access to services and promotes social and economic inclusion.

National Development Plan (NDP) 2030

Adopted by Cabinet in 2012, the NDP is the visionary blueprint of government with business and society as collaborative partners, seeking to eliminate poverty and sharply reduce inequality and unemployment by 2030. All of government is challenged to ensure their medium and short-term planning, monitoring and evaluation efforts are aligned to the NDP.

The SHRA's contribution to the NDP is through Outcome 8 – Transforming Human Settlements and the National Space Economy. The key alignment considerations of Outcome 8 are as follows:

(1) Respond systematically to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency.

(2) In addressing these patterns, we must take account of the unique needs and potentials of different rural and urban areas in the context of emerging development corridors in the southern African sub-region.

(3) The State will review its housing policies to better realise constitutional housing rights, ensure that the delivery of housing is to be used to restructure towns and cities, and strengthen the livelihood prospects of households.

(4) Active citizenship in the field of spatial development will be supported and incentivised through a range of interventions, including properly funded, citizen-led neighbourhood vision and planning processes and the introduction of social compacts from neighbourhood to city level.

(5) Planning in South Africa will be guided by a set of normative principles to create spaces that are liveable, equitable, sustainable, resilient and efficient, and support economic opportunities and social cohesion.

(6) South Africa will develop a national spatial framework and resolve the current deficiencies with the local system of integrated development planning, and progressively develop the governance and administrative capability to undertake planning at all scales.

Medium-Term Strategic Framework (MTSF)

The MTSF covers a period of five years and is aligned with the government's broader long-term development vision, as articulated in documents such as the National Development Plan (NDP). It sets out the government's priorities and strategies across various sectors and government departments to address key challenges and achieve specific developmental outcomes.

The seven priorities set out in the MTSF 2019-24 are:

PRIORITY 1: Building a capable, ethical, and developmental state.

PRIORITY 2: Economic transformation and job creation.

PRIORITY 3: Education, skills, and health.

PRIORITY 4: Consolidating the social wage through reliable and quality basic services.

PRIORITY 5: **Spatial integration, human settlements, and local government.**

PRIORITY 6: Social cohesion and safe communities.

PRIORITY 7: A better Africa and world.

The SHRA takes its guidance from the National Department of Human Settlements in terms of its contribution to MTSF Priority 5: Spatial Integration, Human Settlements and Local Government.

ORGANISATIONAL STRUCTURE

The SHRA still maintains the legislatively mandated structure of four programmes being Administration, Sector Development and Transformation (SD&T); Compliance, Accreditation and Regulation (CAR); and Project Development and Funding (PD&F).

The SHRA CEO position was vacant for two years following the lapse of the former CEO's fixed term employment. This contributed to instability on the executive leadership structure as executives were appointed to act in the role. It also resulted in the postponement of recruitment of other senior management vacancies. The new CEO was appointed and commenced service in February 2023.

An organisational design process was concluded in the last financial year to strengthen internal capacity and resources to improve risk and compliance functions. While this has been supported by the Council and shareholder Department it has not obtained National Treasury approval for funding.

In the interim, considering budget limitations, the SHRA executive team will continue to ensure the optimal deployment of internal capacity to strengthen key functions before adding additional capacity and incurring additional costs. Critically important is to find the appropriate balance between core service delivery functions and support functions.

The figure below reflects SHRA's organisational structure.

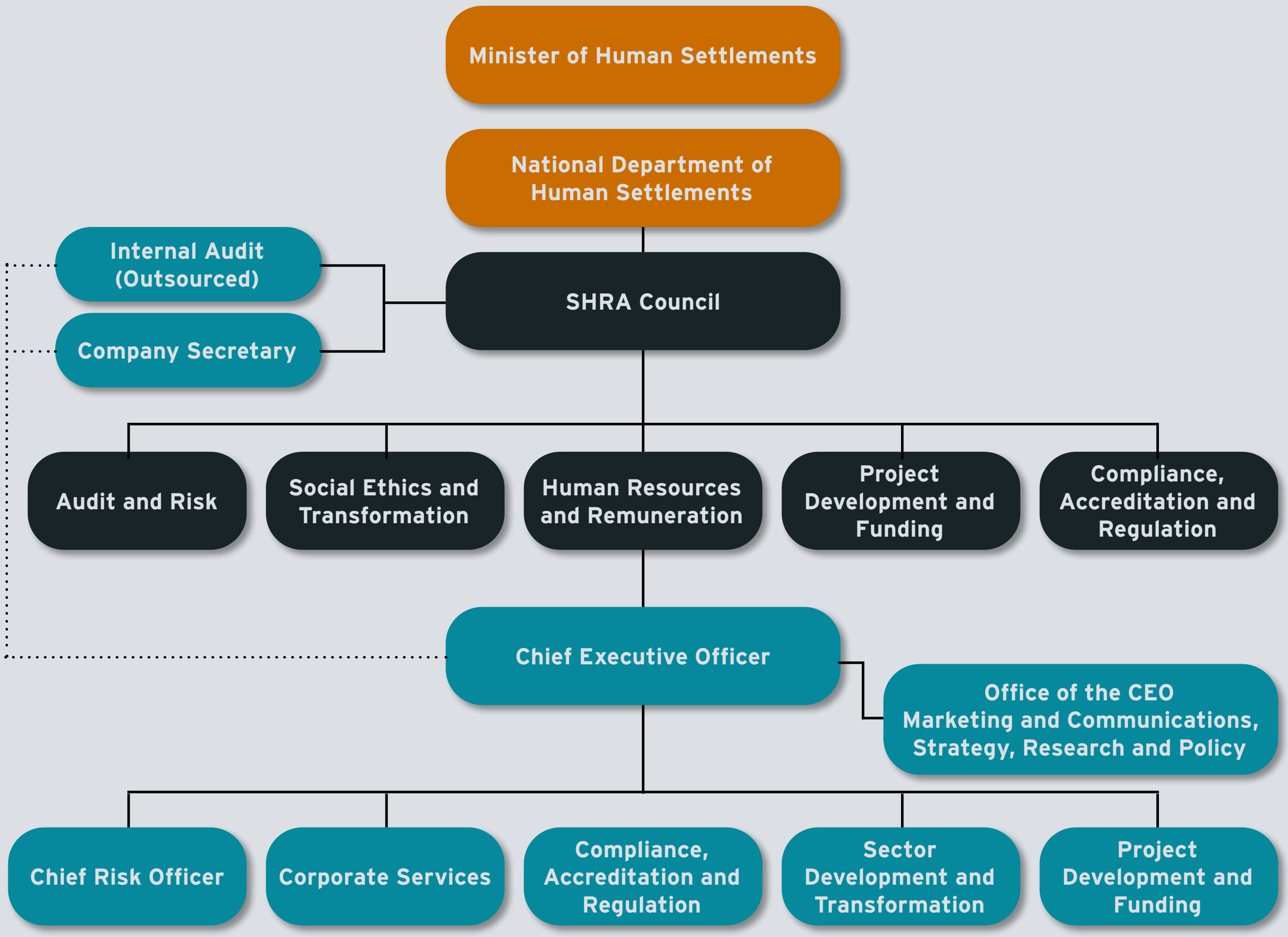

Figure 1: SHRA structure

PART B

PERFORMANCE INFORMATION

OVERVIEW OF PERFORMANCE

Service Delivery Environment

The provision of social housing remains a pivotal government initiative in South Africa, aimed at achieving targeted urban densities, spatial transformation, economic integration, social development, urban efficiency, inclusivity, and effective urban management. This programme is aligned with the national priority of restructuring South African society to foster an economically empowered, non-racial, and integrated community.

The census 2022 results showed that the Population of South Africa was more than 62 million in 2022 from 51.7 million in 2011, representing an average population growth rate of 1.8 per cent. Females constituted 51.5 per cent of the total population, while 48.5 per cent were males.

Gauteng still comprises the largest share of the South African population, with approximately 15 million people (24%) living in this province. KwaZulu-Natal has the second largest population, with an estimated 12. 4 million people (20.0%). With a population of under 1.4 million people (2 %), Northern Cape remains the province with the smallest share of the South African population.

The number of households increased from 14.4 million in 2011 to 17.8 million in 2022, an intercensal growth rate of 2 per cent. The household size declined from 3.6 to 3.5 persons in 2022. KwaZulu-Natal consistently had the highest household size (4.4 persons), followed by Northern Cape (4.1 persons). The majority of households resided in formal dwellings (88.5 per cent). Limpopo maintained the highest proportion of formal dwellings as was observed in 2011, increasing from 90 per cent in 2011 to 95 per cent in 2022.

On the informal housing side, 8.1 per cent of South African households still reside in informal dwellings, a marked improvement from 16.2 per cent recorded in 1996. The rental market represents 23.2 per cent of households by tenure status.

Migration remains an important factor, as it shapes the age structure and distribution of the provincial population. Internal migration results showed that two provinces still dominate internal migration in South Africa. Gauteng remained the dominant migration destination, receiving more than a third of all internal migrants, followed by Western Cape with 15 per cent of migrants. Over the intercensal period (2011-2022), four provinces experienced an outflow of people, namely Limpopo, Eastern Cape, KwaZulu-Natal, and Free State.

Sector sustainability is further threatened by rental boycotts, necessitating the formulation and implementation of strategic responses to prevent the resultant distress to assets and institutions. Additionally, the proliferation of 'construction mafias' – criminal groups that illegally occupy construction sites and extort money from developers – adds a layer of complexity, impacting project delivery, community dynamics, and security needs.

To accelerate housing delivery, the government is facilitating partnerships with provincial and municipal authorities, various government departments, funders such as the Infrastructure Fund, and the private sector. These collaborations are crucial for securing loan funding for social housing development and addressing the myriad challenges that impede progress in human settlement initiatives. Continuous efforts are essential to navigate these complexities and ensure the long-term sustainability of social housing projects.

Portfolio Under Regulation

Over the five-year MTSF period, we have witnessed significant growth in our regulated portfolio. From 36,305 units managed by 28 delivery agents in 2019, we have expanded to 46,809 units overseen by 42 delivery agents as of March 2024. This represents a 29 percent increase in our portfolio size and a 50 percent increase in the number of delivery agents, albeit off a low base. While this demonstrates progress in expanding social housing availability, it does require a focus on the institutional capacity and regulatory oversight to ensure that the existing portfolio is sustainable and able to continue to provide a quality living environment for low- to middle-income households.

The table and figure below illustrate the distribution of regulated social housing units across four categories – RCG/CCG, Institutional Subsidy, CRU, and Unsubsidised Units – over several periods. The number of RCG/CCG units shows a consistent and substantial increase, starting with 13 222 units and nearly doubling to 27 782 units by the final period. Institutional Subsidy units remain relatively stable, fluctuating slightly around 10 000 units. The CRU category, the smallest segment, starts at 509 units and decreases to 365 units in later periods, indicating a slight decline. Unsubsidised Units also exhibit a marginal growth from 8 220 units to 8 511 units. Overall, the graph highlights significant growth in RCG/CCG units and moderate increases in both Institutional Subsidy and Unsubsidised Units, while CRU units slightly decrease over time.

Table 2: Units under regulation reported as at year end (2018 - 2024)

Funding type	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
RCG/CCG	13 222	16 830	18 954	21 209	23 401	25 217	27 782
Institutional Subsidy	10 095	9 930	10 750	10 246	10 182	10 096	10 151
CRU	509	522	522	522	365	365	365
Unsubsidised Units	8 220	9 023	9 181	8 651	8 585	8 436	8 511
Total number of units	**32 046**	**36 305**	**39 407**	**40 628**	**42 533**	**44 114**	**46 809**
Number of Institutions	25	28	29	33	36	39	42

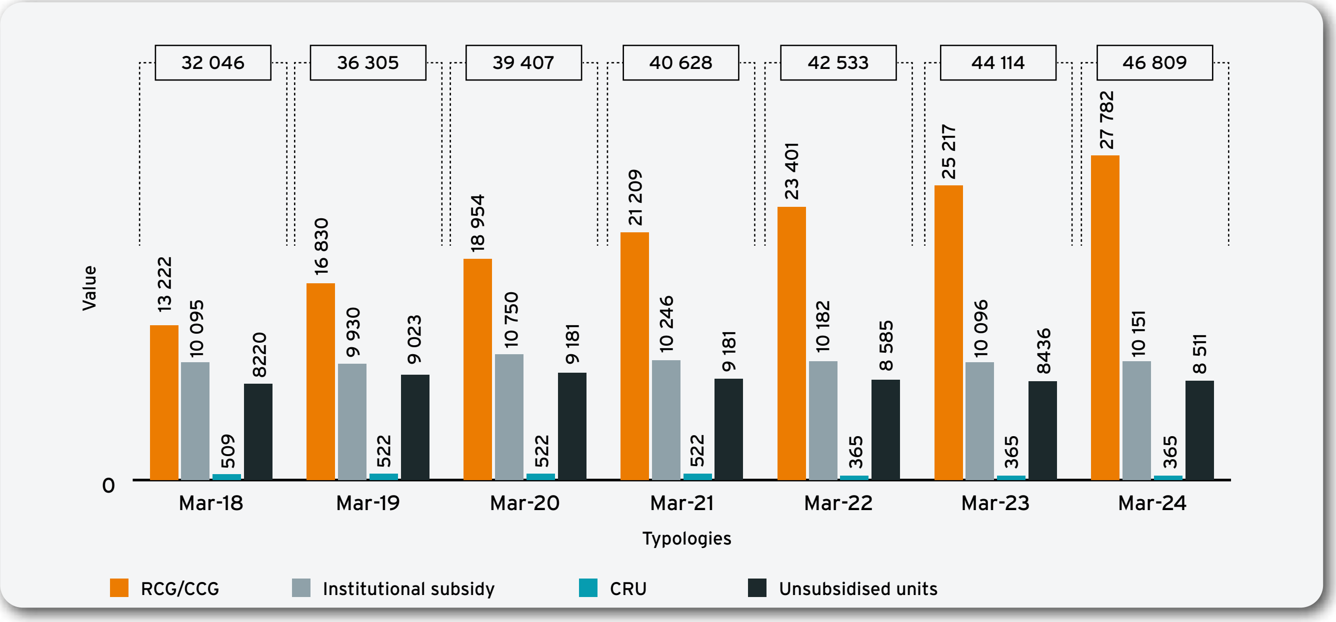

Figure 2: Portfolio of regulated institutions

Overview of Performance continued

The table below provides further breakdown of the regulated social housing portfolio adopting an area-based approach:

Table 3: Units under regulation by province/municipality 2023/24

Province/Municipality	No. of Projects	% of Projects	Total Number of Units	% of Total
Eastern Cape	**19**	**9%**	**4 800**	**10.3%**
Buffalo City	10	5%	2284	4.9%
Nelson Mandela Bay	9	4%	2516	5.4%
Free State	**3**	**1%**	**1 299**	**2.8%**
Mangaung	3	1%	1299	2.8%
Gauteng	**121**	**59%**	**25 488**	**54.5%**
City of Ekurhuleni	9	4%	3011	6.4%
City of Johannesburg	80	39%	16634	35.5%
City of Tshwane	29	14%	3909	8.4%
Merafong City	1	0%	258	0.6%
Mogale City	2	1%	1676	3.6%
Kwa-Zulu Natal	**26**	**13%**	**5 842**	**12.5%**
eThekwini	22	11%	4162	8.9%
Msunduzi	4	2%	1680	3.6%
Limpopo	**2**	**1%**	**697**	**1.5%**
Polokwane	2	1%	697	1.5%
Mpumalanga	**14**	**7%**	**2 335**	**5.0%**
Emalahleni	4	2%	1350	2.9%
Govan Mbeki	3	1%	236	0.5%
Mbombela	1	0%	26	0.1%
Steve Tshwete	6	3%	723	1.5%
Northern Cape	**2**	**1%**	**88**	**0.2%**
Sol Plaatje	2	1%	88	0.2%
North West	**1**	**0%**	**1 168**	**2.5%**
City of Matlosana	1	0%	1168	2.5%
Western Cape	**16**	**8%**	**5 092**	**10.9%**
City of Cape Town	16	8%	5092	10.9%
Total	**204**	**100%**	**46 809**	**100.0%**

Social Housing Pipeline

As at the end of the period under review, there were 72 projects in the pipeline with a potential of 36 177 units. This translates to an approximate investment of approximately R15 billion, considering a grant quantum of R426 308 per unit. However, many projects falter during the pre-screening phase due to various issues like inefficient organisational structures and expired purchase offers, which means some projects will ultimately be excluded from the pipeline after all support efforts have been exhausted.

Table 4: Project pipeline by province

Provinces	Projects	Units
Gauteng	42	19 111
KwaZulu-Natal	9	5 376
Western Cape	6	3 272
North West	4	2 722
Eastern Cape	4	3 091
Mpumalanga	3	940
Northern Cape	2	923
Limpopo	2	742
Total	**72**	**36 177**

Of the 72 projects currently in the SHRA pipeline, 32 are proposed by ODAs and 40 by accredited SHIs, including MoEs, with the majority being owned or controlled by black individuals, except for the MoEs. The project pipeline features contributions from across most provinces. Provinces that are not represented in the pipeline are being supported to ensure growth in the social housing portfolio in their localities.

Gauteng Province stands out in the pipeline, thanks to a robust representation and a high rate of successful accreditations, likely due to well-prepared submissions and an active pursuit of social housing opportunities by delivery agents. This focus on Gauteng aligns with its status as South Africa's economic centre as noted in the 2022 census, highlighting its attraction to both international and domestic migrants and, consequently, a higher demand for social housing.

Other provinces face challenges in capacity for participating in and delivering social housing projects. The CAR unit works with SD&T to address these issues, mainly through the Municipal Support Grant. Efforts to invigorate the sector include an open day held in the Free State, signalling optimism for increased project registrations from this province in the future. Broader training has also been undertaken through SD&T on project packaging to assist prospective CCG applicants to align their projects with the SHRA's expectations.

Active Contracts

Fifty-nine (59) projects have received approval for capital grant funding amounting to R7.9 billion as at year-end. Thirty-one (31) projects with a total yield of 16 887 units were under construction and/or in the tenanting phase (see Annexure A).

Table 5: Active CCG contracts by project status 2023/24

Project Status	Number of Projects	% of Projects	Units	% of Units	EC	FS	GP	KZN	LP	MP	NC	NW	WC
Planning	9	15.3%	3 906	12.9%			6	1					2
Construction	12	20.3%	7 733	25.5%			5	2		1	1	1	2
Construction and Tenanting	7	11.9%	5 908	19.5%	1	1	4						1
Tenanting	9	15.3%	5 804	19.1%			8		1				
Completed and Tenanted	13	22.0%	3 169	10.4%	1		9						3
Completed with Challenges	4	6.8%	1 704	5.6%			3	1					
On Hold	5	8.5%	2 108	6.9%		2	2					1	
Total	**59**	**100%**	**30 332**	**100%**	**2**	**3**	**37**	**4**	**1**	**1**	**1**	**2**	**8**

Organisational Performance

The figure below illustrates the achievement of performance objectives over the five-year period of 2019/20 to 2023/24. During the year under review, the SHRA has managed to achieve sixty-four percent (64%) as compared to 2022/23, where achievement was at fifty-eight percent (58%).

Annual Performance Rate 2019-2024

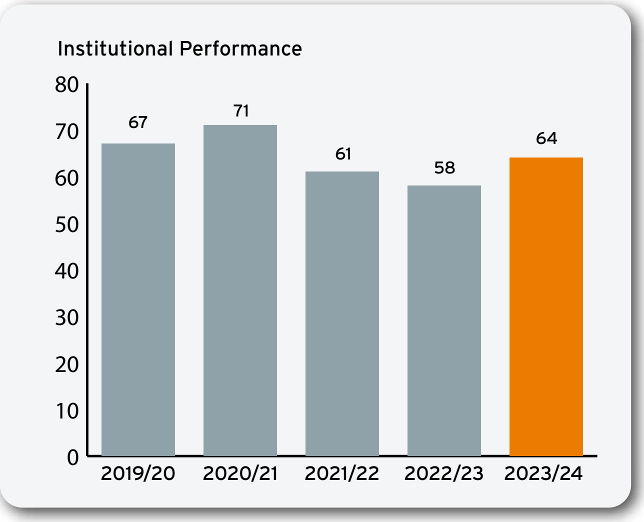

Figure 3: Institutional Performance 2019/20-2023/24

Key Policy Developments and Legislative Changes

The following are key policy developments and legislative changes:

Adjustment to the Subsidy Quantum

The Minister of Human Settlements, together with the Provincial Members of the Executive Council (MECs) of Human Settlements, approved adjustments to the Social Housing Programme subsidy quantum effective from 1 April 2022. These changes included an amendment to the target income market and an increase in the CCG quantum increases from R271687 per unit to R328687 per unit effective for the financial year.

On 31 March 2023, the Honourable Minister of Human Settlements announced policy amendments that would see increases in the subsidy instruments including the CCG to address the ever-increasing building-costs. Effective 1 April 2023, a further increase was made to the human settlements subsidy amounts and the CCG to R426 308, an increase of twenty-nine point seven percent (29.7%).

While the increase of fifty-seven percent (57%) in capital quantum since the start of 2020 would have a positive impact on ensuring that social housing projects remain viable, it does so in a constrained fiscal environment. This would result in the reduction on the number of units that can be approved for funding and would ultimately negatively impact future service delivery.

Rental Housing Norms and Standards

On 20 January 2023, the Rental Housing norms and standards were approved by the Minister after consultation with Members of the Executive Council responsible for human settlements, the South African Local Government Association (SALGA), and the Council of the Social Housing Regulatory Authority (SHRA) in terms of section 2 and 3 of the Housing Act. The norms and standards are to be incorporated into the Housing Code. In so doing, it seeks to enable high-quality social housing and consistency on social housing requirements.

White Paper for Human Settlements

The Minister gazetted the White Paper for Human Settlements on 18 December 2023 allowing for public comment up until 15 March 2024, after which all public inputs will be considered before being presented to Cabinet. The sector has made significant contribution to the White Paper process including proposals for alternative forms of tenure such as rent-to-own on old municipal and provincial owned stock.

Progress Towards Achievement of Institutional Impacts and Outcomes

The SHRA must create and facilitate an enabling environment for the development of social housing as an integral component of urban areas to ensure that we meaningfully contribute to the "creation of liveable neighbourhoods".

The SHRA contributes to the restructuring of the space economy (spatial justice), improving household access to economic opportunities, social amenity opportunities, and infrastructure opportunities. It also enables households to access a wide range of tenure and housing options that aligns with the stated objectives of social housing (including spatial restructuring and improving low- and medium-income household access to employment, services and tenure options, creating employment opportunities and integrating classes and races).

The SHRA is tasked with the delivery of 18 000 social housing units in the MTSF 2019-24 which is aligned to our Strategic Plan 2020-25, Outcome 2. From 2019/20 a total of 13 885 units have been completed against the MTSF target, resulting in a shortfall of 4 115 units.

During the year under review 3 066 social housing units were completed against the target of 3 200 units representing a 96 percent achievement. On the occupancy side, 2 961 units have been tenanted against a target of 3 200, resulting in a shortfall of 239 units. While there is a high demand for social housing units, the number of completed units that are actually tenanted remains slightly lower. This discrepancy is largely due to affordability issues faced by potential tenants, who are struggling with the high cost of living and rising municipal service charges amidst the challenging economic climate

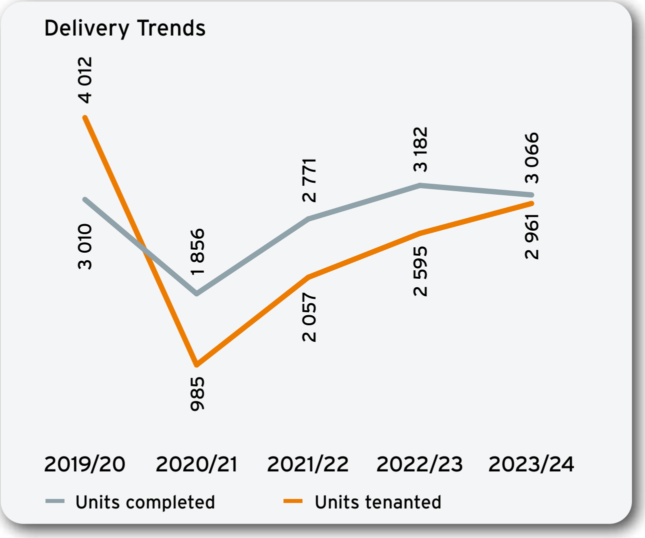

Figure 4: Unit delivery 2019/20-2023/24

Table 6 below disaggregates the units' completion versus tenanting outcomes over the Medium-Term Strategic Framework period at a provincial level.

Table 6: Unit delivery 2019/20-2023/24 by province

		2019/20		2020/21		2021/22		2022/23		2023/24		Total	
Province	**MTSF 2019-2024 Target**	**Completed**	**Tenanted**	**Completed**	**Tenanted**	**Completed**	**Tenanted**	**Completed**	**Tenanted**	**Completed**	**Tenanted**	**Completed**	**Tenanted**
EC	1 296	452	379	385	243	0	178	0	111		**82**	837	993
FS	1 296		0		0	0	0	13	36		**131**	13	167
GP	6 606	2 140	2 659	1 049	456	1 627	1 480	2 775	1 910	**1 929**	**2 269**	9 520	8 774
KZN	2 052		430		0	0	0	0	0	**452**		452	430
LP	720		0	164	0	330	0	0	0			494	0
MP	1 026	114	114		0	0	0	0	0			114	114
NC	360		0		0	0	0	0	0			0	0
NW	1 908		362		0	144	0	0	0	**168**		312	362
WC	2 736	304	68	258	286	670	399	394	538	**517**	**479**	2 143	1 770
Total	**18 000**	**3 010**	**4 012**	**1 856**	**985**	**2 771**	**2 057**	**3 182**	**2 595**	**3 066**	**2 961**	**13 885**	**12 610**

The table below presents data on the number of jobs and projects undertaken across different provinces during the 2023/24 fiscal year. In the first quarter (Q1), Gauteng (GP) had 576 jobs and 2 projects, while KwaZulu-Natal (KZN) had 354 jobs and 2 projects, Mpumalanga (MPU) had 165 jobs and 1 project, and Western Cape (WC) had 295 jobs and 2 projects. These numbers varied throughout the fiscal year but peaked in the fourth quarter (Q4), with GP leading in both jobs (2 068) and projects (8). The total jobs and projects for the entire fiscal year were 9 516 and 44, respectively, with GP contributing significantly to these figures. KZN also made a substantial contribution, particularly in the number of projects undertaken. The table underscores the regional distribution and trends in job and project activities over the specified period.

Table 7: Number of job opportunities from projects implemented in 2023/24

	2023/24									
	Q1		Q2		Q3		Q4		Annual 2023/24	
Province	**No. of Jobs**	**No. of Projects**	**No. of Jobs**	**No. of Projects**	**No. of Jobs**	**No. of Projects**	**No. of Jobs**	**No. of Projects**	**No. of Jobs**	**No. of Projects**
GP	576	2	864	6	1 229	6	2 068	8	4 737	22
KZN	354	2	438	2	383	2	383	2	1 558	8
MPU	165	1	151	1	170	1	260	1	746	4
NC			156	1	286	1	276	1	718	3
WC	295	2	332	1	620	2	510	2	1 757	7
Total	**1 390**	**7**	**1 941**	**11**	**2 688**	**12**	**3 497**	**14**	**9 516**	**44**

Effectively utilizing the allocated budget is key to the programme's success, especially in the completion of housing units. Significant efforts were made to comply with the approved annual Cash Flow Projection (CCG) submitted to the National Department of Human Settlements (NDoHS). The expenditure at the end of the 2023/24 financial year amounted to R1 031 787 475, which represents 90 percent of the revised cash flow projections.

CCG Expenditure

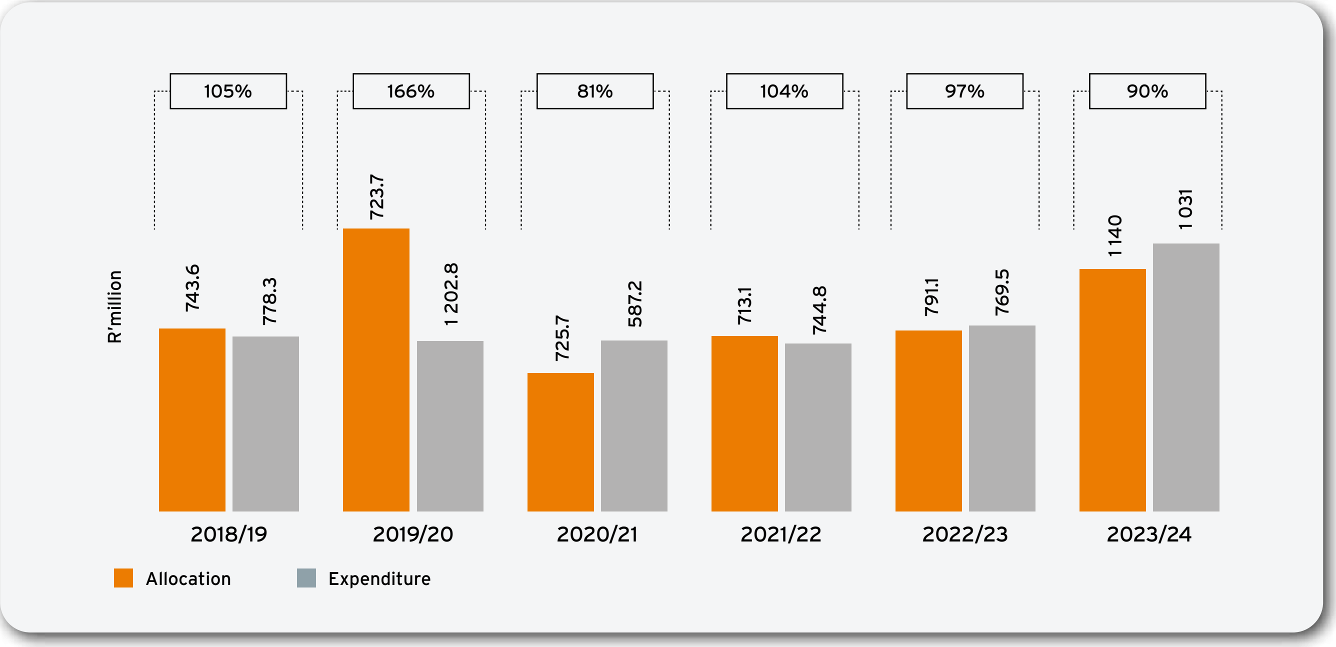

Figure 5: Capital allocation received and expenditure between 2019/20-2023/24

A key lead indicator is the number of projects and associated units that the SHRA approves on an annual basis. This necessitates that we actively manage the SHRA pipeline to ensure that service delivery targets can be met. These projects will translate into units completed in subsequent financial years.

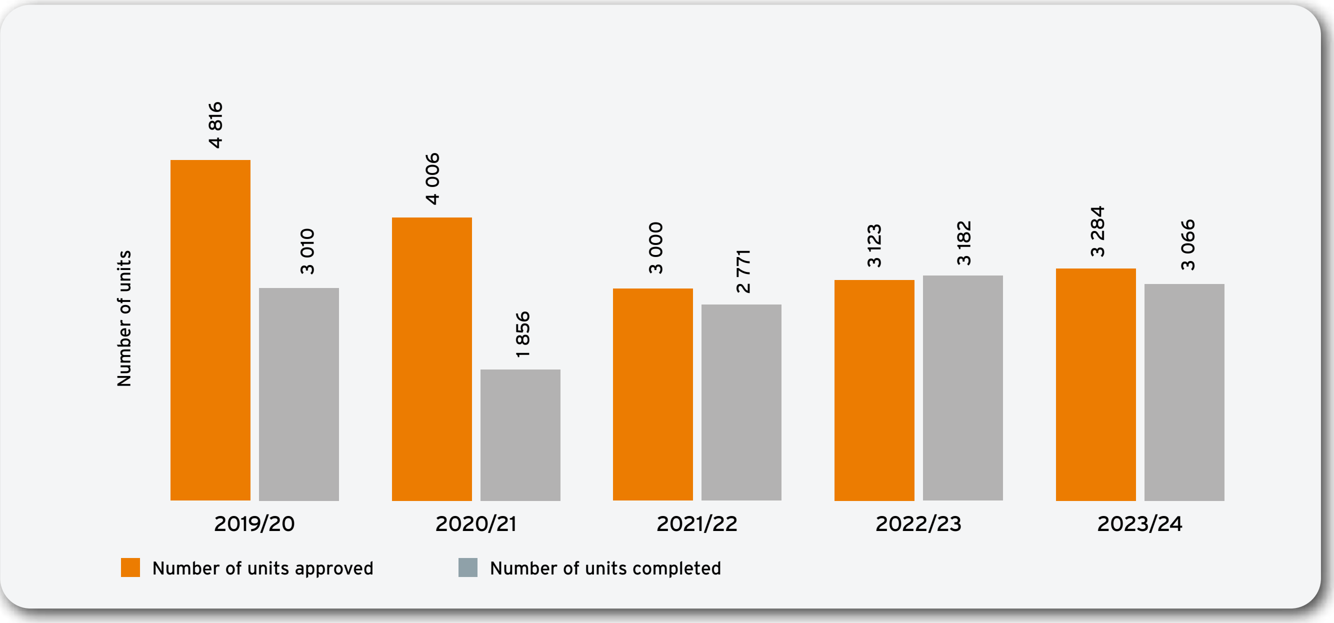

Figure 6: Unit approvals and completion between 2019/20-2023/24

The SHRA's accreditation register currently lists eighty (80) institutions. Of these, nine (9) are fully accredited, and seventy-one (71) have conditional accreditation. During the reporting period, three (3) SHIs received conditional accreditation, all of which are predominantly black-owned or controlled.

There was previously no representation from SHIs in the Free State, prompting the SHRA to conduct a roadshow in the area to boost awareness. This initiative led to one SHI accreditation application from the region by the second quarter. The Accreditation team is actively supporting potential SHIs by offering pre-accreditation support grants through the SD&T unit. During the first half of the 2023/24 financial year, institutions failing to meet accreditation standards were identified and referred for these grants, with six (6) institutions approved in the first two quarters. Additionally, in the third quarter, seven (7) institutions, including new applicants and those with previously lapsed accreditations, were also referred for pre-accreditation support.

Social Housing Institution (SHI) projects in the Northern Cape are fully occupied, but a low average rent collection rate of just 1.9 percent raises concerns about the suitability of the households placed in these units. Despite full occupancy, the limited number of projects in the Northern Cape highlights the need for geographical diversification to better serve the region's demand.

In contrast, Gauteng's Municipal Own-Entity (MOE) projects have a low vacancy rate of 2.1 percent, reflecting stable tenanting. However, KwaZulu-Natal shows the highest average vacancy rate, followed by Mpumalanga and the Free State, mainly due to rental boycotts and hijackings impacting several projects.

Overall, private sector delivery agents are outperforming other classes of delivery agents, largely driven by the need to realise a return on their equity towards projects. This highlights the potential for other classes of delivery agents to improve their financial management and operational strategies towards which the SHRA will focus its intervention efforts.

As of 31 March 2024, vacancy rates show notable regional differences, with Northern Cape having a 0% vacancy rate and KwaZulu-Natal the highest at 18.2 percent. RCG-funded projects in six provinces are more affordable and in higher demand compared to those funded through provincial institutional subsidies or other mixed funding, which face higher vacancy rates due to terminations and evictions driven by affordability, absconding, relocation, and delinquency. Overall, vacancy rates vary significantly across provinces, with the highest seen in KwaZulu-Natal and the lowest in Northern Cape.

During the period under review, audits of tenancies were carried out across 17 projects, totalling 3 944 audits for the financial year. This is an important aspect of the regulatory function to ensure alignment with the objectives of the social housing programme, especially in so far as ascertaining that primary beneficiaries benefit from the scheme.

There has also been a gradual increase in the number of institutions that are referred for regulatory enforcement due to issues of non-compliance.

The SD&T unit has been actively collaborating with the PD&F and CAR units to provide support on existing and new social housing projects. Currently, six ongoing projects are being supported, which include 2 334 potential social housing units. Furthermore, seven new projects were approved in the second quarter, increasing the total potential units to 3 357. Altogether, thirteen projects are underway, potentially delivering about 5 691 social housing units.

Support is extended not only to institutions but also to municipalities and provinces to prepare and package projects effectively. The types of assistance provided vary, ranging from pre-accreditation support for new entrants, development support during construction, administrative support as projects approach completion, compliance support for addressing issues, and remedial action in cases of regulatory enforcement. The desired outcome is to enhance the prospects of sustainability for these institutions.

The Social Housing Institution (SHI) Intervention Plan for the 2023/24 period has been updated quarterly, reflecting ongoing adjustments and progress. The programme includes twelve institutions that were selected in the 2020/21 period, with new participants added over the years. These institutions are part of a broader effort under MTSF Outcome 4, aimed at enhancing the capacity of municipalities and provinces for social housing, with twelve municipalities having customised capacity-building plans and identified land pipelines.

Reviews and workshops help refine municipal support strategies and share best practices in social housing. These efforts include training sessions and workshops focused on various aspects of social housing development, from project packaging and approval to governance and financial management. Online training, in line with National Treasury guidelines, targets a wide audience, including management and operational staff of SHIs and municipal and provincial officials.

Additionally, the SHRA has been running an internship program to address youth unemployment while also building a pool of development professionals who are highly knowledgeable in the sector. The internship programme has successfully integrated recent graduates into the social housing sector, exceeding placement targets and supporting professional growth through strategic partnerships with educational institutions and industry bodies.

Overall, these initiatives reflect a comprehensive strategy to improve and expand social housing delivery across multiple regions, addressing both immediate project needs and longer-term capacity building.

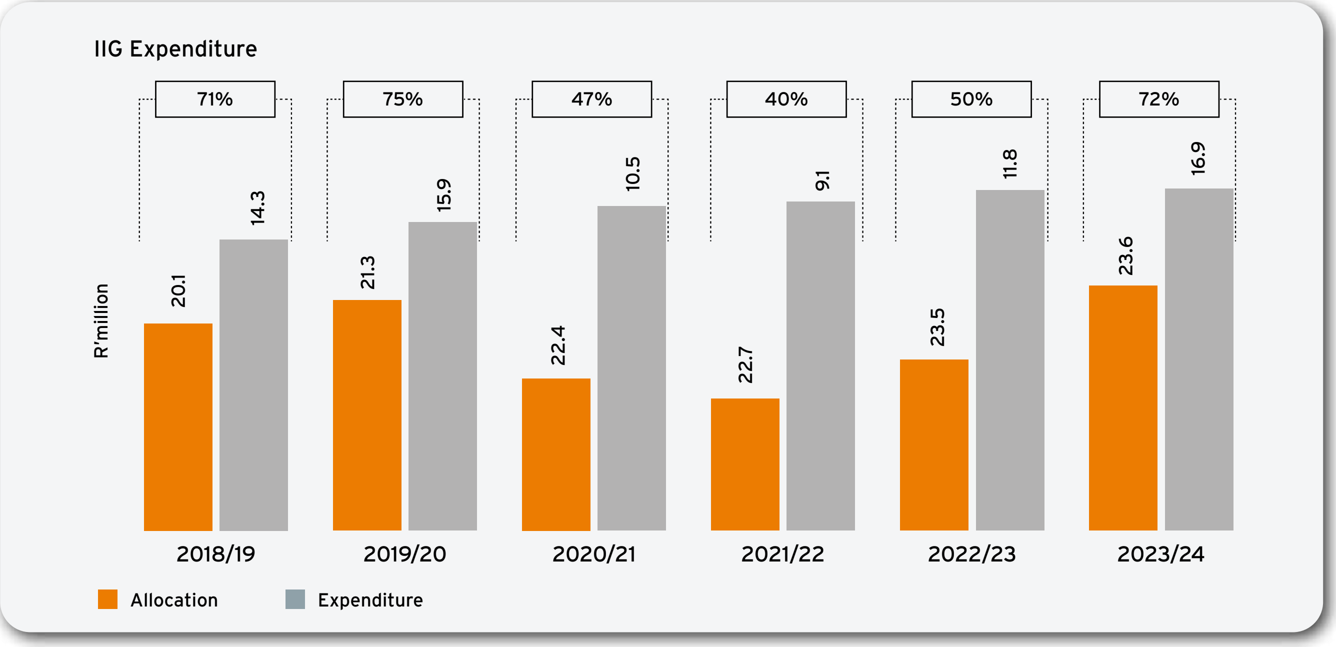

Figure 7: Institutional Investment Grant (IIG) Expenditure Trends

Auditor's Report: Predetermined Objectives

RAiN Chartered Accountants have been appointed as external auditors and has performed the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to pags 73 to 80 of the Auditor's Report, published as Part F: Financial Information.

Institutional Programme Performance Information

Alignment to the MTSF Priority 5: Spatial Integration is provided through six specific outcomes over its 2020-2025 strategic plan. The table below outlines the link and number of indicators.

Table 8: SHRA Strategic Outcomes (2020-2025) and APP 2023/24 indicators

SHRA strategic outcomes	No. of app indicators 2023/24	Weight	Targets achieved	Targets not achieved
1. Functional, efficient and integrated government	5	20%	4	1
2. Quality affordable social housing for rent delivered in strategically located areas	3	12%	0	3
3. Enhanced performance of delivery agents and projects	2	8%	2	0
4. Increased capacity of municipalities and provinces to deliver social housing	1	4%	0	1
5. An effectively regulated and sustainable Social Housing Sector	5	20%	4	1
6. A transformed Social Housing Sector value chain	9	36%	6	3
Total	**25**	**100%**	**16**	**9**

SHRA had twenty-five (25) planned targets for the period under review, sixteen (16) were achieved and nine (9) were not achieved.

Programme 1 (Admin) achieved five (5) out of the nine (9) planned annual targets (56%). Programme 2 (CAR) achieved five (5) out six (6) planned annual targets (83%). Programme 3 (SD&T) achieved three (3) out of (4) planned annual targets (75%). Programme 4 (PD&F) achieved three (3) out of six (6) planned annual targets (50%).

The overall performance therefore translates to 64 per cent (64%) (16 out of 25) annual achievement (2023: 58%).

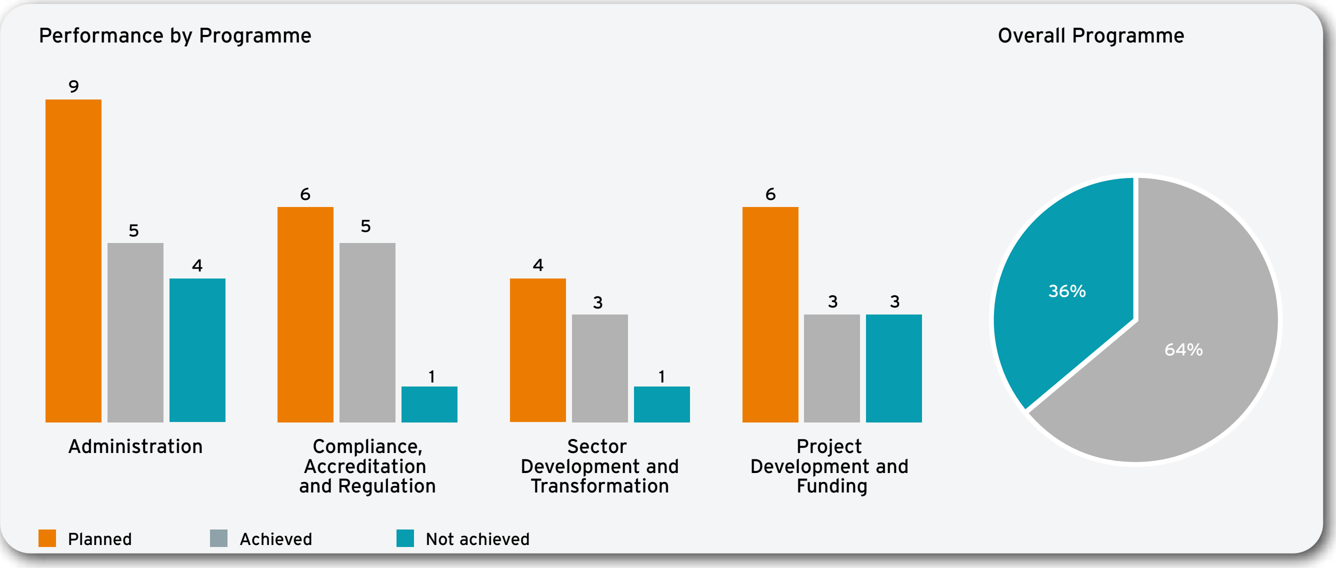

Figure 8: Institutional performance 2023/24 by programme

Programme 1: Administration

The purpose of Programme 1: Administration is:

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

The Programme comprises two sub-programmes.

1) Sub-programme 1A: Corporate Services
2) Sub-programme 1B: Office of the CEO

The Administration Programme delivers against the following Outcomes reflected in the 2020–2025 Strategic Plan:

Outcome 1: Functional, efficient, and integrated government

Outcome 6: A transformed Social Housing Sector value chain

The 2023/24 Output-Level Performance Plan for Programme 1 is reflected in the log frame tables below:

Programme: Administration

Outcome	Output	Outcome Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
OUTCOME 1: Functional, efficient, and integrated government	1.1 External audit outcome	1.1 External audit outcome	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	**Unqualified audit opinion with material findings**	Findings raised in the final management report and AFS for the 2022/23 FY	External audit findings raised relating to prior period adjustments and performance objectives
	1.1 Internal audit services	1.1.1 Percentage implementation of the Internal Audit Plan	82% implementation of the Internal Audit Plan	100% implementation of the Internal Audit Plan	100% implementation of the Internal Audit Plan	**100% implementation of the Internal Audit Plan**	-	-
	1.2 Anti-fraud and corruption	1.2.1 Percentage implementation of the Fraud Prevention Plan	100% implementation of the Fraud Prevention Plan	100% implementation of the Fraud Prevention Plan	100% implementation of the Fraud Prevention Plan	**100% implementation of the Fraud Prevention Plan**	-	-
	1.3 Risk management	1.3.1 Percentage implementation of the Risk Management Plan	100% implementation of the Risk Management Plan	100% implementation of the Risk Management Plan	100% implementation of the Risk Management Plan	**100% implementation of the Risk Management Plan**	-	-
	1.4 Mitigating the sectoral risk of rental boycotts	1.4.1 Percentage implementation of the Rental Boycott Strategy	New indicator	Indicator reframed	80% implementation of the Rental Boycott Strategy	**83% implementation of the Rental Boycott Strategy**	-	-
OUTCOME 6: A transformed Social Housing Sector Value chain	6.1 Preferential procurement	6.1.1 Percentage of SHRA procurement spend on businesses majority-owned by women	New indicator	48.49% of SHRA procurement spend on businesses owned by women	40% of SHRA procurement spend on businesses majority-owned by women	**41.14% of SHRA procurement spend on businesses majority-owned by women**	-	-
		6.1.2 Percentage of SHRA procurement spend on businesses majority-owned by youth	New indicator	6.39% of SHRA procurement spend on businesses owned by youth	20% of SHRA procurement spend on businesses majority-owned by youth	**6.27% of SHRA procurement spend on businesses majority-owned by youth**	13.73% of SHRA procurement could not be spend on businesses majority owned by youth	Although this designated group was prioritised in all the procurement throughout the year, there is a challenge with the designated group returning fully compliant responses to bids. Capacitation workshops will be held to assist them improve the quality of responses.

Programme: Administration

Outcome	Output	Outcome Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
		6.1.3 Percentage of SHRA procurement spend on businesses majority-owned by people with disabilities	New indicator	0% of SHRA procurement spend on businesses owned by people with disabilities	5% of SHRA procurement spend on businesses majority-owned by people with disabilities	**0.16% of SHRA procurement spend on businesses majority-owned by people with disabilities**	4.84% of SHRA procurement could not be spend on businesses majority owned by people with disabilities	The database from the Disability Chamber did not have qualifying businesses with relevant experience and skill in the relevant subject matters which were advertised throughout the year.
		6.1.4 Percentage procurement spent on businesses owned by military veterans	-	New indicator	5% procurement spend on businesses owned by military veterans	**0% procurement spend on businesses owned by military veterans**	5% of SHRA procurement could not be spend on businesses majority owned by military veterans	This designated group was prioritized throughout the year. However, challenges were experienced in validating the military veteran status from both CSD as well as the Department of Defence and Military Veterans. Alternative means of validation need to be agreed on.

Programme 2: Compliance, Accreditation and Regulation

The purpose of Programme 2: Compliance, Accreditation and Regulation is to accredit SHIs and projects and ensure compliance of the sector for the purpose of attracting private investment and to ensure sustainability of the Social Housing Programme. It is responsible for the regulation of social housing, accreditation of SHIs, and project and compliance monitoring.

The Programme comprises three sub-programmes:

- Regulation of social housing
- Accreditation of SHIs
- Project and compliance monitoring

In addition, it was tasked to manage and oversee the implementation of the Rent Relief Fund for social housing.

The Compliance, Accreditation and Regulation (CAR) Programme delivers against the following Outcomes reflected in the 2020-2025 Strategic Plan:

OUTCOME 5: An effectively regulated and sustainable Social Housing Sector

OUTCOME 6: A transformed Social Housing Sector value chain

The 2023/24 Output-Level Performance Plan for Programme 2 is reflected in the log frame tables below:

Programme: Compliance, Accreditation and Regulation

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
OUTCOME 5: An effectively regulated and sustainable Social Housing Sector	5.1 Performance monitoring of delivery agents	5.1.1 Percentage of the Remedial Action plan implemented	-	New indicator	70% of the Remedial Action plan implemented	**71.84% of the Remedial Action plan implemented**	-	-
	5.2 Tenancy compliance and satisfaction monitoring	5.2.1 Number of subsidised housing units' tenancy audits conducted	4 532 subsidised housing units' tenancy audits conducted	3 525 subsidised housing units' tenancy	3 500 subsidised housing units' tenancy audits conducted	**3 944 subsidised housing units' tenancy audits conducted**	-	-
		5.2.2 Number of Compliance Monitoring Inspections conducted	-	New indicator	8 Compliance Monitoring Inspections conducted	**9 Compliance Monitoring Inspections conducted**	-	-
		5.2.3 Number of Building Condition Audits conducted	-	New indicator	10 building condition audits conducted	**11 building condition audits conducted**	-	-
	5.3 Improved accreditation process	5.3.1 Number of fully accredited institutions	New indicator	New indicator	10 fully accredited institutions	**9 fully accredited institutions**	Deviation of 1	At the beginning of the year, there were eight fully accredited institutions. Over the course of the year, one institution, SHI (Povicom), received an upgrade in its accreditation status. The vetting process of another SHI (KZN Social Housing) found a compliance matter relating to tenants being unresolved by year-end, thus precluding it from achieving an improvement in accreditation status.

Programme: Compliance, Accreditation and Regulation

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
OUTCOME 6: A transformed Social Housing Sector value chain	6.2 Accreditation towards empowered entities and designated groups	6.2.1 Percentage of projects accredited from other delivery agents that are majority black-owned	-	New indicator	75%	100%	-	-

Programme 3: Sector Development and Transformation

The purpose of programme 3: Sector Development and Transformation is to support the growth and development of the Social Housing Sector and to administer the Institutional Investment Grant (IIG). It is responsible for the growth and development of Social Housing Institutions (SHIs) and Other Delivery Agents (ODAs), transformation and empowerment of the Social Housing Sector, assessment of applications for IIGs, and the coordination and management thereof.

The Sector Development Programme delivers against the following Outcomes reflected in the 2020–2025 Strategic Plan:

OUTCOME 3: Enhanced performance of delivery agents and projects

OUTCOME 4: Increased capacity of municipalities and provinces to deliver social housing

OUTCOME 6: A transformed Social Housing Sector value chain

The 2023/24 Output-Level Performance Plan for Programme 3 is reflected in the log frame tables below:

Programme: Sector Development and Transformation

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
OUTCOME 3: Enhanced performance of delivery agents and projects	3.1 Institutional Investment Grant (IIG) Programme	3.1.1 Percentage achievement of the SHI Intervention Plan	100% achievement of the SHI Intervention Plan	100% achievement of the SHI Intervention Plan	80% achievement of the SHI Intervention Plan	**100% achievement of the SHI Intervention Plan**	-	-
		3.1.2 Percentage achievement of the Social Housing Projects' Intervention Plan	75% of identified projects that received an IIG, of which the work is completed within the current financial year, are recommended for capital grant award	0% achievement of the Social Housing Projects' Intervention Plan	70% achievement of the Social Housing Projects' Intervention Plan	**100% achievement of the Social Housing Projects' Intervention Plan**	-	-
Outcome 4: Increased capacity of municipalities and provinces to deliver social housing	4.1 Municipal support programme	4.1.1 Number of projects within municipalities receiving support that are approved	2 projects within municipalities receiving support that are approved	0 projects within municipalities receiving support that are approved	3 projects within municipalities receiving support that are approved	**0 projects within municipalities receiving support that are approved**	Deviation of 3 projects	Projects not recommended for consideration due to limited capital budget and sufficient projects in municipalities supported not yet ready.
Outcome 6: A transformed Social Housing Sector value chain	6.3 Youth internship programme	6.3.1 Number of youth graduates placed within the Social Housing Sector	-	11 youth graduates placed within the Social Housing Sector	15 youth graduates placed within the Social Housing Sector	**18 youth graduates placed within the Social Housing Sector**	-	-

Programme 4: Project Development and Funding

The purpose of Programme 4: Project Development and Funding is to facilitate the delivery of social housing units through the optimal investment and management of the consolidated capital grant, effective deal-making, partnerships management (provinces, municipalities, other government institutions, funders, and financiers), and transformation of the Construction Sector.

In supporting the SHRA's impact statement, which is "A transformed, compliant, and sustainable Social Housing Sector, comprising integrated, quality, and affordable social housing", the Project Development and Funding Programme delivers against the following Outcomes reflected in the 2020–2025 Strategic Plan:

OUTCOME 2: Quality affordable social housing for rental delivered in strategically located areas

OUTCOME 6: A transformed Social Housing Sector value chain

The 2023/24 Output-Level Performance Plan for Programme 4 is reflected in the log frame tables below:

Programme: Project Development and Funding

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
OUTCOME 2: Quality affordable social housing for rental delivered in strategically located areas	2.1 Delivery of Social housing units	2.1.1 Number of social housing units completed	2 771 social housing units completed	3 182 social housing units completed	3 200 social housing units completed	**3 066 social housing units completed**	Deviation of 134 social housing units completed	Although efforts have been ongoing to develop projects comprising 7 215 units, performance slightly missed the target. While the anticipated completion of units was projected to exceed expectations, actual progress was hindered in some projects due to difficulties experienced by those receiving grants. The Project Development and Facilitation (PD&F) unit stresses the importance of efficient contract facilitation and management to ensure consistent completion of units. However, there is concern within the unit about the risk of underperformance due to the lack of approval for new projects since the first quarter. Consequently, prioritising the delivery of existing active projects is considered essential.

Programme: Project Development and Funding

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
	2.2 Expenditure of the Consolidated Capital Grant (CCG)	2.1.2 Number of social housing units tenanted	2 057 social housing units tenanted	2 595 social housing units tenanted	3 200 social housing units tenanted	**2 961 social housing units tenanted**	Deviation of 239 units tenanted	While the unit tenanting trends against the unit completion is on par for the current financial year and previous year on year, the tough economy has dampened demand and contributed to approved tenants not taking up occupation.
		2.2.1 Percentage expenditure of the approved annual CCG cashflow projection	104% expenditure of the approved annual CCG cashflow projection	97% expenditure of the approved annual CCG cashflow projection	95% expenditure of the approved annual CCG cashflow projection	**90% expenditure of the approved annual CCG cashflow projection**	Deviation of 5% expenditure of the revised annual CCG cashflow projections	The initial cashflow projection was based on R826 million (which was also the budget allocation). However following the National Treasury (NT) approval of SHRA prior year roll-over, the cashflow projections were revised upwards to R1.14 billion, hence the target was not met.
OUTCOME 6: A transformed Social Housing Sector value chain	6.5 Preferential award and spend of the CCG	6.5.1 Percentage of CCG awarded to black majority-controlled enterprises	93.68% of CCG awarded to black majority-owned/ controlled enterprises	100% of CCG awarded to black majority-controlled enterprises	75% of CCG awarded to black majority-controlled enterprises	**100% of CCG awarded to black majority-controlled enterprises**	-	-
		6.5.2 Percentage spent by grant recipients on main contractors and professional teams that are from the designated groups	-	9% of construction spend to enterprises that are majority-owned by women	25% spent by grant recipients on main contractors and professional teams that are from the designated groups	**35.88% spent by grant recipients on main contractors and professional teams that are from the designated groups**	-	-
		6.5.3 Number of job opportunities created through projects implemented	-	7 990 job opportunities created through projects implemented	6 938 job opportunities created through projects implemented	**9 516 job opportunities created through projects implemented**	-	-

Table 9: Programme expenditure against budget 2023/24

Programme Costs (Rand)	2023/2024 Budget	Actual Expenditure	(Over) /Under Expenditure
Administration – Operations	66 573 000	76 415 175	(9 842 175)
CAR– Operations	6 500 000	5 041 399	1 458 601
SD&T – IIG	23 623 000	16 918 261	6 704 739
PD&F – CCG	1 140 441 000	1 030 374 917	110 066 083
Total	1 237 137 000	1 128 749 752	108 387 248

PART C

GOVERNANCE

Governance

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

Portfolio Committees

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

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

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

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

- 3 May 2023, briefing from the Department of Human Settlements (DHS) and its entities on their strategic plan and annual performance plans (APPs) for the 2023/24 financial year.
- 13 October 2023, briefing from the Department of Human Settlements (DHS) and its entities on the SHRA 2022/23 Annual Report.

Executive Authority

Oversight by the Executive Authority rests on the prescripts of the PFMA. The PFMA grants authority to the Executive Authority specific oversight powers. The Executive Authority also has the power to appoint and dismiss the Council of a public entity.

The Executive Authority must also ensure that the appropriate mix of executive and non-executive directors are appointed and that directors have the necessary skills to guide the public entity. During the 2021/22 financial year, the Executive Authority formalised the SHRA governance structure by appointing a Council of twelve members for a period of three years commencing on 26 November 2021.

During the 2023/24 financial year, quarterly reports were submitted to the Executive Authority within the periods as stipulated by the National Treasury.

The Accounting Authority

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

The role of the Council is as follows:

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

Council Charter

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

- The Council's responsibility for the adoption of strategic plans.
- Monitoring of operational performance and management.

- Determination of policy processes to ensure the integrity of the public entity risk management and internal controls.

The Council Charter was reviewed and approved during the 2021/22 financial year. The Council members comply with the provisions of the Charter.

Composition of Council

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

Non-Executive Members

I. Ms Pulane Mogotsi-Thobejane (Chairperson)

II. Ms Busisiwe Nzo

III. Ms Lahlane Malema

IV. Ms Sanele Masiza

V. Ms Yvonne Deliwe Mbane (Resigned 3 August 2023)

VI. Ms Ayanda Olifant

VII. Ms Zimbini Hill (Resigned 4 July 2023)

VIII. Mr Kevin Kiewitz

IX. Mr Ashley Latchu (Resigned 26 June 2023)

X. Mr James Mashukudu Maboa

XI. Prof Mandlakhe Radebe

XII. Mr Jacob Khawe (Appointed 4 July 2023)

XIII. Ms Queendy Gungubele (Appointed 14 April 2023)

Executive Members

I. Mr Sandile Luthuli (Chief Executive Officer)

II. Ms Lorato Sithole (Corporate Services Manager)

III. Mr Vusi Fakudze (Acting Corportate Services Manager until 28 August 2023)

During the 2021/22 financial year, the Executive Authority formalised the SHRA governance structure by appointing a Council of twelve members for a period of three years commencing on 26 November 2021, however, there have been resignations and appointments of Council members.

Committees of Council

Audit and Risk Committee

The committee's main purpose is to ensure the appropriateness of financial reporting, ensure the implementation of an effective system of internal controls, oversee internal and external audit processes, and to oversee the implementation of the ICT strategy and effective risk management.

Project Development and Funding Committee

The committee oversees the Social Housing Investment Plan, ensuring adherence and compliance to the Capital Investment Plan and legislated investment criteria. Additionally, the committee is responsible for monitoring agreements entered into with SHIs and ODAs, and provinces to protect the government's investment in social housing.

Compliance, Accreditation and Regulations Committee

The Committee has the strategic responsibility of overseeing the Social Housing Regulatory Plan and ensures compliance with that plan and the Social Housing Act. Furthermore, it has the responsibility of ensuring that there is compliance monitoring of all the reporting entities. The committee is tasked with other critical activities such as the approval of transfer and/or disposal of social housing stock by delivery agents.

Human Resources and Remuneration Committee

The Committee has the responsibility to inform and ensure that management is provided with guidance on the adequacy and efficiency of the human resources policies, procedures and practices applied by the Social Housing Regulatory Authority. The committee is primarily responsible for the effective operation of core HR functions such as human capital management, talent management, diversity, leadership development, succession planning, reward and remuneration and performance management.

Social and Ethics Committee

The Committee oversees the Social Housing Regulatory Authority's activities related to sustainable social and economic development, which include the promotion of equality, transformation and inclusivity and ethics management. Additionally, the committee ensures that SHRA operates in a manner that promotes accountability, fairness, and transparency while contributing positively to society and the environment.

Table 10: Composition of Council and qualifications as at year end

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	Number of Meetings Attended
Pulane Mogotsi-Thobejane	Council Chairperson	26 November 2021 (Appointed as Chairperson of the entity effective 25 March 2024)	Current	Hon. Degree in Social Sciences Advanced Certificate in Labour Relations and HR Management	Stakeholder Management Human Resources Executive Leadership	None	Project Development and Funding Committee	**22**
Busisiwe Nzo	Non-Executive Member	26 November 2021	Current	BSC Quantity Survey Programme for Leadership Development Property Development Programme	Built Environment Corporate Governance	Durban University of Technology (DUT) Council National Home Builders Registration Council (NHBRC) Nelson Mandela University Investment Company	Project Development and Funding Committee Audit and Risk Committee	**25**
Lahlane Malema	Non-Executive Member	26 November 2021	Current	BProc LLB	Legal Corporate Governance Executive Leadership Compliance Risk Management	SA Forestry Company Ltd (SAFCOL) Ekurhuleni Municipality's Appeals Authority (EMAA) National Research Foundation (NRF) Weskoppies Psychiatric Hospital University of South Africa (UNISA) Legal Practice Council Gauteng (LPC) Water Tribunal (Department of Water and Sanitation)	Social and Ethics Committee (Chairperson) Compliance, Accreditation and Regulations Committee	**20**

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	Number of Meetings Attended
Mandlakhe Radebe	Non-Executive Member	20 October 2022	Current	PHD Media Studies Masters (Media and Journalism) BA Honours (Journalism and Media Studies) Bachelor of Science (Statistics and Computer Technology)	Communications Stakeholder Management Strategic Planning Finance	Vaal University of Technology	Human Resources and Remuneration Committee Social and Ethics Committee	**21**
Sanele Masiza	Non-Executive Member	26 November 2021	Current	BCom Honours Statistics Certification in Investment Analysis and Portfolio Management Master of Science (Financial Economics) Compliance Certificate (Short-Term Programme) Programme in Short-Term Insurance	Investments Risk Management Economics Compliance Executive Leadership Governance Ethics Management Strategy	None	Project Development and Funding Committee Audit and Risk Committee	**10**
James Maboa	Non-Executive Member	26 November 2021	Current	BCom Fin Post Grad Dip in Accounting Advanced Diploma in Auditing	Finance Auditing Investments Human Resources Corporate Governance Compliance	Finance and Accounting Services Sector Education and Training Authority (FASSET) University of South Africa (UNISA)	Project Development and Funding Committee (Chairperson) Human Resources and Remuneration Committee	**23**
Kevin Kiewitz	Non-Executive Member	26 November 2021	Current	BA LLB LLM	Legal Corporate Governance Executive Leadership	None	Compliance, Accreditation and Regulations Committee (Chairperson) Social and Ethics Committee	**18**

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	Number of Meetings Attended
Ashley Latchu	Non-Executive Member	26 November 2021	26 June 2023	MSC IT Honours BSC IT Management Degree	IT Corporate Governance Executive Leadership	The Performing Arts Centre (PACOFS) The National Arts Council (NAC) Tertiary Education and Research Network of South Africa (TENET) William Humphreys Art Gallery (WHAG) Ekurhuleni East TVET College (EEC) Gauteng Industrial Development Zone (GIDZ) Southern African Trust (SAT) Council of the Built Environment (CBE) Mpumalanga Community Education and Training College (MCETC) Edenvale Hospital	Audit and Risk Committee Project Developing and Funding Committee	**6**
Ayanda Olifant	Non-Executive Member	26 November 2021	Current	MBA Master of Commerce (Economics) BSC Hon in Economics	Finance Investments Human Resources Executive Leadership	None	Human Resources and Remuneration Committee (Chairperson) Audit and Risk Committee	**25**
Yvonne Deliwe Mbane	Non-Executive Member	26 November 2021	3 August 2023	MBA Masters Diploma HR Management B Ed BA Psychology National Teachers Diploma	Organisational Development Corporate Governance and Administration Regulatory Compliance	Aids Foundation SA University of Limpopo Council Special Investigation Unit Committee Construction Industry Development Board (CIDB)	Human Resources and Remuneration Committee (former Chairperson) Compliance Accreditation and Regulations Committee	**9**

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	Number of Meetings Attended
Queendy Gungubele	Non-Executive Member	14 April 2023	Current	B. Juris Adv Diploma in Labour Law LLM, Labour Law	Human Resource Management Legal Expertise Ethics and Governance Labour La Performance Management	OR Tambo Memorial Hospital Kumaka	Human Resources and Remuneration Committee Compliance Accreditation and Regulations Committee	**24**
Zimbini Hill	Non-Executive Council Member	26 November 2021	4 July 2024	MBA; BCom Accounting; Higher Diploma in Accounting	Investments Corporate Governance Marketing and Communications	None	Human Resources and Remuneration Committee Compliance Accreditation and Regulations Committee	**3**
Jacob Khawe	Non-Executive Member	4 July 2023	Current	Transitional Justice African Economy Leadership Project Management	Public Management and Policy Executive and Legislature Governance Advocacy	None	Compliance Accreditation and Regulations Committee Social and Ethics Committee	**14**
Sandile Luthuli	CEO being an Executive Member of Council	1 February 2023	Current	Master of Philosophy in Development Finance Higher Diploma in Company Law Master in Business Administration Bachelor of Commerce Degree with Honours	Strategy Finance Economics	None	Attends all committees of Council	**38**
Lorato Sithole	Corporate Services Manager being an Executive Member of Council	28 August 2023	Current	Master of Business Leadership Charted Accountant Bachelor of Commerce with Honours in Accountancy	Financial Leadership and Management	None	Attends all committees of Council	**20**

Committees

Table 11: Committees of Council as at year end

Committee	No. of meetings held	No. of members	Name of members	Changes and resignations during the year
Human Resources and Remuneration	11	4 (Current Members as of August 2023)	**Ms A Olifant (Chairperson)** **Mr J Maboa** **Ms Q Gungubele** **Ms P Mogotsi-Thobejane**	Ms YD Mbane (former Chairperson) – Resigned Ms Z Hill – Resigned
Project Development and Funding	5	4 (Current Members as of August 2023)	**Ms P Mogotsi-Thobejane (Chairperson)** **Ms B Nzo** **Ms L Malema** **Ms S Masiza**	Mr A Latchu (resigned on 26 June 2023)
Social and Ethics Committee	4	5	**Mr K Kiewitz (Chairperson)** **Prof M Radebe** **Ms B Nzo** **Ms S Masiza** **Mr J Khawe**	
Audit and Risk Committee	6	4 (Current Members as of August 2023)	**Ms L Malema** **Ms S Masiza** **Prof M Radebe** **Ms Z Tshabalala (Chairperson)** **Ms Q Gungubele**	Mr A Latchu (Resigned on 26 June 2023) Ms P Sibiya (resigned 31 July 2023)
Compliance Accreditation and Regulations	4	4 (Current Members as of August 2023)	**Mr J Maboa (Chairperson)** **Mr K Kiewitz** **Ms A Olifant** **Mr J Khawe**	Ms Z Hill (Resigned 4 July 2023) Mr Y Mbane (resigned on 3 August 2023)

Committees of Council were reconstituted on 10 April 2024 following the changes to the Chairpersonship of Council. The committee membership reflected in Table 11 above depicts the reconstituted membership.

Remuneration of Council members

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

Table 12: Council remuneration 2023/24 (Rand)

	All figures in Rand			
Name	**Remuneration**	**Travel Expenses**	**Other Services**	**Total**
Pulane Mogotsi-Thobejane	160 539	643	18 036	160 539
Busisiwe Nzo	337 140	5 439	149 267	337 140
Ashley Latchu	32 667	–	–	32 667
Lahlane Malema	163 643	2 780	21 410	163 643
James Maboa	159 269	1 114	11 970	159 269
Sanele Masiza	59 172	323	4 889	59 172
Kevin Kiewitz	140 276	–	21 073	140 276
Yvonne Deliwe Mbane	61 368	968	1 348	61 368
Mandla Radebe	133 343	–	18 545	133 343
Ayanda Olifant	181 880	912	18 377	181 880
Queendy Gungubele	140 825	572	11 123	140 825
Jacob Khawe	113 523	4 152	22 361	113 523

Risk Management

Risk Management within the Social Housing Regulatory Authority (SHRA) is on an ongoing journey directed at realising performance and sustainability by building an optimal risk culture as well as integration of risk management with its planning, performance, and sustainability management programmes. Risk management is also about capitalising on the opportunities that the risk universe presents to the institution.

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

The SHRA has an approved risk management policy and strategy which provides guidance on the risk assessment principles and processes. The SHRA conducts regular risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks.

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

Internal Control Unit

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

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

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

Audit and Risk Committee

The Audit and Risk Committee is established in terms of best practice, and its primary functions can be summarised as follows:

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

The table below discloses relevant information on the audit committee members:

Table 13: Members of the Audit Committee

Name	Qualifications	Internal or External	Date Appointed	Date Resigned	No. of Meetings Attended for the Financial Year
Z Tshabalala	Master (MBA) Post Graduate Diploma Business Administration BCom	External and non-Council member	26 November 2021	Current	4
L Malema	BProc LLB	External	26 November 2021	Current	4
S Masiza	BCom Honours Statistics Certification in Investment Analysis and Portfolio Management Master of Science (Financial Economics) Compliance Certificate (Short-Term Programme) Programme in Short-Term Insurance	External	26 November 2021	Current	1
M Radebe	PHD Media Studies Masters (Media and Journalism) BA Honours (Journalism and Media Studies) Bachelor of Science (Statistics and Computer Technology)	External	26 January 2023	Current	6
Q Gungubele		External	27 July 2023	Current	4
Members who resigned during the year					
A Latchu	MSC IT Honours BSC IT Management Degree	External	26 November 2021	26 June 2023	2
P Sibiya	Bachelor of Accountancy Postgraduate Diploma in Accountancy Part 1 Qualifying Examinations - SAICA Part 2 Qualifying Examinations - SAICA Advanced Short Course in Business Rescue Practice	External	18 July 2022	31 July 2023	2

Compliance With Laws and Regulations

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

The Audit and Risk committee reviews the institution's compliance with legal and regulatory provisions. During 2022/23 financial year the SHRA commenced with the compilation of a compliance universe and prioritised the following legislative prescripts that the SHRA is required to comply with:

- Basic Conditions of Employment Act 75 of 1997
- Employment Equity Act 55 of 1998
- Housing Act 107 of 1997
- Preferential Procurement Policy Framework Act 5 of 2000
- Promotion of Access to Information Act 2 of 2000
- Promotion of Administrative Justice Act 3 of 2000
- Rental Housing Act 50 of 1999
- Social Housing Act 16 of 2008
- Broad-Based Black Economic Empowerment Act 53 of 2003 and 2013 Code
- Public Finance Management Act 1 of 1999
- Unemployment Insurance Act 63 of 2001
- Occupational Health and Safety Act 85 of 1993
- Electronic Communications and Transactions Act 25 of 2002
- Labour Relations Act 66 of 1995
- Cybercrimes Act 19 of 2020

This compliance universe has remained largely unchanged in the 2023/24 financial year.

Fraud and Corruption

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

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

In addition to the fraud prevention plan and strategy, the SHRA has a Fraud and Corruption Prevention Policy, as well as a Whistle Blower Policy. Whistle blowers make use of a dedicated and independently managed fraud hotline to report allegations of fraud and corruption. Reports emanating from the fraud hotline are monitored on a quarterly basis by the designated governance structures of the entity – Audit and Risk and Social and Ethics.

Minimising Conflict of Interest

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

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

Code of Conduct

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

Health, Safety and Environmental Issues

The SHRA has an approved Health and Safety Policy and has also established a Health and Safety Committee that reports to the Executive Committee on a quarterly basis. The Committee has ensured continuous adherence to the applicable health and safety laws and regulations.

Company Secretary

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

Social Responsibility

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

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2024.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(i) and Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted on the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

- Performance Information (Performance against Objectives) – Q4 (2022/2023);
- Review of Compliance Checklist – Q4 (2022/2023);
- Unaudited Annual Performance Report – 2022/2023;
- Unaudited Financial Statements Compliance Review – 2022/2023;
- Residential Relief Fund;
- Performance Information (Performance against Objectives) – Q1 (2023/2024);
- Financial Discipline Review;
- Follow Up Review - Information and Communication Technology – Security Controls;
- Performance Information (Performance against Objectives) – Q2 (2023/2024);
- Review of Compliance Checklist – Q2 (2023/2024);
- Information and Communication Technology – General Controls Review;
- Follow up Review – Sector Development and Transformation, Compliance Accreditation and Regulation, Project Development and Funding;
- Review of the Strategic Plan and Annual Performance Plan;
- Performance Information (Performance against Objectives) – Q3 (2023/2024);
- Human Resource Management;
- Review of Compliance Checklist – Quarter 3 (2023/2024);
- Supply Chain and Expenditure Management;
- Governance and Risk Management (Including POPI); and
- Follow Up on External Audit Findings.

The following were areas of concern:

- Internal Audit have concluded on the existing control environment as "**Requires Improvement**".
- The following areas were identified as requiring immediate corrective action as significant weaknesses in control was noted during the following focus areas:
  - Information and Communication Technology – General Controls (ITGCR);
  - Supply Chain Management;
  - POPI Compliance; and
  - Risk Management
- Management should continuously revisit its control environment and ensure that controls implemented are adequate (sustainable solutions) to address weaknesses identified through Internal Audit reviews.

In-Year Management and Monthly/ Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority.

Evaluation of Financial Statements

We have reviewed the draft annual financial statements prepared by the public entity prior to submission to the external auditors for audit.

Auditor's Report

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

Ms Z Tshabalala
Chairperson of the Audit Committee
Social Housing Regulatory Authority

B-BBEE Compliance Performance Information

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Table 14: B-BBEE compliance

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

Criteria	Response Yes/No	Discussion
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	The SHRA accredits institutions to deliver Social Housing in terms of the Social Housing Act and Regulations which include the minimum investment criteria.
Developing and implementing a preferential procurement policy?	Yes	Preferential Policy under review to align to the new PPPFA regulations that came into effect on 16 January 2023.
Determining qualification criteria for the sale of state-owned enterprises?	No	No plans to sell off any assets currently.
Developing criteria for entering into partnerships with the private sector?	No	Normal procurement processes followed no plans to enter into PPPs.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	No	The SHRA encourages the accreditation of social housing delivery agents and awarding of capital grants to entities that have demonstrated transformation and B-BBEE credentials. This is provisioned through the Annual Performance Plan such that awarding of contracts to entities that are majority-black owned.

PART D

HUMAN RESOURCE MANAGEMENT

Human Resource Management

Introduction

Human Resources play a key role in helping an organisation to achieve its goals and objectives. As such, the SHRA recognises its staff as being fundamental to its overall success. The SHRA HR Unit contributes directly to the first outcome of the SHRA's outcome indicators and five-year targets of the SHRA 2020-2025 Strategic Plan, i.e.: a functional, efficient and integrated government.

The SHRA HR Unit supports business through the implementation of the HR Operational Plan in the following areas:

- Transformation and diversity
- Organisational culture and values
- Talent acquisition
- Leadership development
- Learning and development
- Remuneration and reward
- Performance management
- HR policies and procedures
- Staff wellness and engagement
- HR statutory compliance and governance
- Organisational design

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

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

Changes to the core operating frameworks in the Compliance, Accreditation and Regulation (CAR) programme necessitated a review of the Project Development & Funding (PD&F) framework. Given the inter-related nature of the various changes and HR processes, an Organisational Design (OD) exercise was embarked on to determine if the entity is structurally geared to deliver on its mandate and support any motivations for structural amendments. A proposed fit for purpose structure was however not approved for implementation due to financial constraints. The SHRA will review the current organogram for fit for purpose and implementation of the current corporate strategic plan in the next financial year.

The SHRA recognises the importance of having a change management strategy and implementation plan to assist and empower employees and management in how to adapt, manage and control change. Given the changes within and around the SHRA, the SHRA has embarked on a change management project to enhance performance of the entity and ensure that the entity supports the social housing sector as is mandated in the Social Housing Act.

Africa International Advisors (AIA) has been appointed to assist the SHRA with a Change Management Project on a two-year contract. The project focuses on developing strategies, methods and approaches on assisting and empowering employees and management affected by change(s) on how to adapt, manage and control the change in order to enhance employee engagement, operations and productivity in general. This project started in the second half of this financial year.

The scope of the work for the project includes:

- Developing a Change Management Strategic Framework
- Developing a Change Management Action Plan
- Implementing the Change Management Action Plan
- Developing and implementing a culture change strategy and action plan
- Measuring and reporting on progress

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

- Reviewing current and developing new HR Policies and Procedures
- Continuous coaching, guidance and support on HR policies and procedures
- Recruiting for critical vacancies
- Ensuring sound employee relations

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

The SHRA acknowledges that without our staff we cannot achieve any of our objectives. All recruitment initiatives are therefore focused on ensuring that individuals with the relevant knowledge, experience, qualifications, competencies, and potential are appointed in the SHRA; and ensuring that all recruitment practices are aligned to the relevant legislative requirements and best practises.

During the period under review a few critical vacancies, i.e., the Corporate Service Manager, Chief Risk Officer (Executive positions), Finance Manager and Regulations Manager have been concluded. The SHRA has appointed 14 interns during this financial year.

In anticipation of the review of the organisational structure and due to budget constraints, recruitment for certain vacancies did not take place during the reporting period.

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

The SHRA implemented a succession plan for identified critical positions. The succession pool was identified, and development initiatives were identified to be implemented in the next financial year.

Employee performance management framework

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

The automation of the performance management system was undertaken and has to be implemented in the 2024/25 financial year.

Employee wellness programmes

The SHRA has appointed an employee wellness service provider, i.e., Independent Counselling and Advisory Services (ICAS). ICAS is a reputable employee wellness service provider with a national footprint. Their services include counselling, trauma debriefing, emotional support, health support, financial planning support, bereavement and legal support for staff and their dependants. Their feedback in terms of problems identified and trends are used for input into wellness and training interventions.

Policy development

The SHRA continuously reviews its policies to ensure alignment with applicable legislation and best practices. During the period under review all HR Policies (a total of 26 policies) and the employment contract were reviewed by an independent Legal Service Provider to ensure legislative compliance.

Highlights and achievements

The SHRA has successfully implemented an internship programme in 2022/23 to provide graduates with opportunities to gain practical work experience. This programme aims to assist interns in gaining on-the-job work experience and alleviating some of the high levels of unemployment amongst young graduates in South Africa. A total of 15 interns were approved for the Internship Programme for the 2022/23 financial year. During the period of review a total of 6 interns were absorbed into permanent positions in the workplace.

The Corporate Services Manager (Executive) position was vacant from November 2021, although an internal employee was appointed to act in the vacant role. The vacancy was successfully filled in August 2023 after a rigorous recruitment process.

Africa International Advisors (AIA) has been appointed to assist the SHRA with a Change Management Project on a two-year contract. Engagement with some of the key stakeholders started in October and was rolled out to the rest of staff in November 2023. This was in the form of one-on-one engagement sessions with executives, focus groups including almost all staff and a staff survey. The overall assessment was that staff are aware of the need for change, they also desire and are willing to support the change. Interventions are necessary at EXCO, MANCO and staff levels to empower them with the knowledge of how to change, the ability to demonstrate the relevant skills and behaviours, and reinforcement to make the change sustainable. A Change Management Framework, Vision Statement, Culture Change Strategy, and the implementation plan were developed. This will be workshopped with staff for implementation in the next financial year.

Challenges faced by the public entity

The operational budget was inadequate to allow for funding for certain key positions. These vacancies continue to hinder the SHRA's performance. These budget constraints also impacted on the successful implementation of the recently reviewed operational frameworks.

The National Treasury guidelines to government departments and public entities on compensation management indicated that entities are expected to not budget for salary increases and performance bonuses. The SHRA has subsequently implemented the directive in accordance with the budgeting guidelines and did not approve a cost-of-living adjustment (COLA) for 2023/24 but implemented a once-off award in lieu of COLA.

Future HR plans/goals

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

- Review the organogram for fit for purpose and implementation of the current corporate strategic plan.
- Implement a change management initiative in support of building a high-performing organisation.
- Identify, develop and implement training initiatives for Executive and middle management.
- Implement staff wellness initiatives focusing on opportunities for physical, mental, and financial health and encouraging work/life balance.

HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel related expenditure

Table 15: Personnel cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Administration Programme	1 128 749	19 753	1.75%	28	705.81
Compliance Accreditation and Regulations (CAR) Programme	1 128 749	10 151	0.90%	13	780.89
Sector Development and Transformation (SD&T) Programme	1 128 749	5 226	0.46%	11	475.12
Project Development and Funding (PD&F) Programme	1 128 749	7 531	0.67%	15	502.10

* A total of 20 interns are included in this calculation, which might impact the calculations negatively due to the stipend paid that is lower than normal salaries.

Table 16: Personnel cost by level

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 853	11.97%	2	2 427
Senior Management	5 691	14.04%	4	1 422
Professionally Qualified	16 442	40.55%	17	967
Skilled	9 575	23.62%	19	503
Semi-Skilled	1 702	4.2%	5	340
Unskilled	2 280	5.62%	20	120
Total	**40 545**	**100%**	**67**	

Performance rewards

Following the National Treasury guidelines to government departments and public entities on compensation management that entities are expected to not budget for salary increases and performance bonuses as mentioned earlier, the SHRA has not paid any performance rewards during this financial year.

Training and development

Table 17: Training costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
Administration	19 753	1 286	6.51%	28	45.92
Compliance Accreditation and Regulations	10 151	64	0.63%	13	4.92
Sector Development and Transformation	5 226	1 264	24.18%	11	114.9

Employment and vacancies

Table 18: Employment and vacancies

Programme	2023/24 Approved Posts	2023/24 No. of Employees	2023/24 Vacancies	% of vacancies
Administration	32	22	10	66%
Compliance Accreditation and Regulations	11	8	3	20%
Sector Development and Transformation	4	4	0	0%
Project Development and Funding	9	7	2	13%
Total	**56**	**41**	**15**	**100%**

Table 19: Positions by level

Programme	2023/24 Approved Posts	2023/24 No. of Employees	2023/24 Vacancies	% of vacancies
Top Management	2	2	0	0%
Senior Management	4	3	1	8%
Professional Qualified	21	16	4	8%
Skilled	23	15	8	67%
Semi-Skilled	6	5	1	8%
Unskilled	0	0	0	0%
Total	**56**	**44**	**12**	**100%**

* A total of 20 interns do not form part of this calculation as they are not part of the approved organisational headcount.

Employment changes

Turnover rates provide an indication of trends in employment profile of the public entity.

Table 20: Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	1	0	2
Senior Management	3	1	1	3
Professional Qualified	20	3	3	20
Skilled	15	6	6	15
Semi-Skilled	5	1	1	5
Unskilled	0	0	0	0
Total	**44**	**6**	**11**	**46**

Reasons for staff leaving

Table 21: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Resignation	11	100%
Dismissal	0	0%
Total	**11**	**100%**

During the period under review there were eleven resignations. The majority of resignations were due to career development. As a small entity with a relatively flat organisational structure, career progression opportunities are limited.

Labour relations: Misconduct and disciplinary action

Table 22: Labour relations statistics 2023/24

Nature of disciplinary action	Number
Verbal warning	1
Written warning	1
Final written warning	0
Dismissal	0

* During the period under review two (2) disciplinary actions were implemented.

Equity target and employment equity status

Table 23: Employment equity 2023/24

	Male							
	African		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	2	2	0	0	0	0	1	1
Professional Qualified	7	8	0	1	1	0	0	1
Skilled	4	8	0	0	0	2	0	0
Semi-Skilled	2	2	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	**12**	**16**	**0**	**1**	**1**	**2**	**1**	**2**

	Female							
	African		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	0	2	0	0	0	0	0	0
Professional Qualified	10	5	1	1	1	1	1	1
Skilled	6	12	2	2	2	3	0	0
Semi-Skilled	3	2	0	0	0	0	1	0
Unskilled	0	0	0	0	0	0	0	0
Total	**20**	**22**	**3**	**3**	**3**	**4**	**2**	**1**

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	1	1
Semi-Skilled	0	0	0	0
Unskilled	0	0	0	0
Total	**0**	**0**	**1**	**1**

PART E

PFMA COMPLIANCE REPORT

PFMA Compliance Report

Irregular, Fruitless and Wasteful Expenditure and Material Losses

As per National Treasury instruction no. 4 of 2022/23, "PFMA compliance and reporting framework" and annual reporting guidelines for public entities, unauthorised expenditure and irregular and fruitless and wasteful expenditure is outlined in the table below.

Reconciliation of irregular expenditure

Table 24: Irregular expenditure

	2023/24	2022/23	2021/22
Irregular expenditure note			
Opening balance from the previous financial year	-	-	75 647 931
Less: prior period errors		(77 811 148)	(75 647 931)
Add: irregular expenditure	-	77 811 148	
Closing balance	-	-	-
Reconciling notes to the annual financial statement disclosure			
Irregular expenditure that was under assessment in 2023/24	-	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-	-
Irregular expenditure incurred	-	-	-
Total	-	-	-
Details of current and previous year irregular expenditure (under assessment, determination, and investigation)			
Irregular expenditure under assessment	100 395	-	-
Irregular expenditure under determination	-	-	-
Irregular expenditure under investigation	-	-	-
Total	100 395	-	-
Details of current and previous year irregular expenditure condoned			
Irregular expenditure condoned	-	-	-
Total	-	-	-
Details of current and previous year irregular expenditure removed - (not condoned)			
Irregular expenditure not condoned and removed	-	-	-
Total	-	-	-
Details of current and previous year irregular expenditure recovered			
Irregular expenditure recovered	-	-	-
Total	-	-	-
Details of current and previous year irregular expenditure written off (irrecoverable)			
Irregular expenditure written off	-	-	-
Total	-	-	-

	2023/24	2022/23	2021/22
Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)			
None	-	-	-
Total	-	-	-
Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)			
None	-	-	-
Total	-	-	-
Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure			
None			
Total	-	-	-

The SHRA has not incurred any fruitless and wasteful expenditure nor any unauthorised expenditure for the 2023/24 financial year.

Late and/or Non-Payment of Suppliers

Table 25: Late payment of suppliers

Description	Number of invoices	%	Consolidated value R'000
Valid invoices received	708		42 813
Invoices paid within 30 days or agreed period	623	88	36 435
Invoices paid after 30 days or agreed period	85	12	6 378
Invoices older than 30 days or agreed period (unpaid and without dispute)	55	7.8	2 511
Invoices older than 30 days or agreed period (unpaid and in dispute)	30	4.2	3 867

30 of the 85 invoices that were paid late were delayed due to disputes with service providers on the deliverables. 10 invoices were received during office closure in December and January. 16 invoices were submitted without statements and 12 invoices were delayed awaiting confirmation of services delivered and the rest (17) were processed late.

Supply Chain Management

Procurement by other means

Table 26: Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	value of contract (Rand)
Sage to provide licensing for the Financial System (Sage Evolution)	Sage South Africa (Pty) Ltd	Single source	Once-off	**205 723**
Licensing for the Risk Management Information System (BarnOwl)	IDI Technology Solutions	Single source	Once-off	**44 143**
Website repairs	SWM Communications	Single source	Once-off	**5 089**
Reinstalling fingerprint readers and relocation of the camera	Active Motion	Single source	Once-off	**10 327**
Caseware working papers annual license renewal	Caseware Africa	Single source	Once-off	**235 615**
Office Redesign and Partitioning	Growthpoint Management Services	Single source	Once-off	**193 745**
Ethics risk assessment and training	The Ethics Institute	Single source	Once-off	**185 833**
GoveTech Annual Conference Attendance	SITA (SOC)	Single source	Once-off	**14 800**
Fourth International Conference on Public Procurement Law Africa 2023	African Procurement Law Unit (Stellenbosch University)	Single source	Once-off	**5 200**
My SHRA platform enhancements	NVision	Single source	Once-off	**250 000**
Board Evaluations	Institute of Directors SA	Single source	Once-off	**287 873**
Hosting and Maintenance of the SHRA Website	SWM Communications	Single source	Once-off	**71 532**
Company Secretary services	FluidRock Cosec	Single source	Once-off	**500 000**
Mimecast	Galix Networking	Single source	Once-off	**267 719**
Conducting the external assessment of SHIP 14A QSC	Centaur and Partners	Single source	Once-off	**107 226**
BarnOwl Training	IDI Technology Solutions	Single source	Once-off	**25 012**
Presentation of legal opinion	Mncedisi Ndlovu Sedumedi Attorneys	Single source	Once-off	**117 886**
Upgrade, de-racking and installation of servers	Jec Technologies	Single source	Once-off	**72 484**

Project description	Name of supplier	Type of procurement by other means	Contract number	value of contract (Rand)
Daily support of the firewall until April 2024	Jec Technologies	Single source	Once-off	**86 940**
Urgent Travel Request for Council Members	Atlantis Corporate Travel	Single source	Once-off	**25 634**
Attendance of the Executive Coaching Programme	Inventure Inc	Single source	Once-off	**60 720**
Continuation of Services for the Provision of Administration and Associated Property Management Services for EMALAHLENI HOUSING COMPANY	Big Bell Investment (Pty) Ltd t/a CityNet	Single source	Once-off	**750 000**
Continuation of Services for the Provision of Administration and Associated Property Management Services for LETSCARE SOUTH AFRICA NPC	Big Bell Investment (Pty) Ltd t/a CityNet	Single source	Once-off	**750 000**
Vehicle service and repairs	VW (SA)	Single source	Once-off	**19 071**
READ AI APP subscription	READ AI APP – Enterprise	Single source	Once-off	**6 786**
Microsoft 365 licenses renewal	Jec Technologies	Single source	Once-off	**139 875**
Renewal of the Environmental Impact Assessment	Deep Black	Single source	Once-off	**33 000**
Total				**3 976 762**

Contract variations and expansions

There was one contract variation: Growthpoint building lease extension for two (2) years.

PART F

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulation of the social housing sector
Members	Ms P Mogotsi-Thobejane (Chairperson from 25 March 2024) Ms BN Nzo (Chairperson until 24 March 2024) Mr J Maboa Mr K Kiewitz Ms A Olifant Ms L Malema Ms Y D Mbane Ms S Masiza Prof M Radebe Ms Q Gungubele Mr J Khawe
Registered office	3rd Floor Sentinal House Sunnyside Office Park 32 Princess of Wales Terrace Parktown, Johannesburg 2193
Postal address	Postnet Suite 240 Private Bag X30500 Houghton 2041
Bankers	First National Bank Limited Corporation for Public Deposits with South African Reserve Bank
Auditors	RAiN Chartered Accountants Incorporated Registered Auditors
Company Secretary	FluidRock and IKB Secretaries
Preparer	The audited annual financial statements were independently compiled by: RBCA & Associates Chartered Accountants (SA)
Authorised by	Ms Lorato Sithole Corporate Services Manager

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Report of the Council's Responsibilities

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the audited annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and 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 and prudent judgments and estimates.

The Council has fulfilled its responsibilities in accordance with section 51 of the Public Finance Management Act and section 11(2)(b) of the Social Housing Act. The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 operational risks 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 members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

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

Ms P Mogotsi-Thobejane
Chairperson

Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2024.

Audit committee members and attendance

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

Name of member	Number of meetings attended
Ms P Sibiya (Former Independent Chairperson)	2 (Resigned 31 July 2023)
Ms Z Tshabalala (Independent member)	4 (Acting Chairperson from 1 August 2023)
Ms L Malema	4
Ms S Masiza	1
Prof M Radebe	6
Mr A Latchu	2 (Resigned 26 June 2023)
Ms Q Gungubele	4 (Appointed 27 July 2023)

Audit committee responsibility

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

The effectiveness of internal control

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

Evaluation of audited annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, for submission to Council.

Ms Zelda Tshabalala
Chairperson of the Audit Committee

31 July 2024

RAiN CHARTERED ACCOUNTANTS

Independent auditor's report to the Parliament on Social Housing Regulatory Authority

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the Social Housing Regulatory Authority set out on pages 14 to 41, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement, statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Social Housing Regulatory Authority as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the *Generally Recognised Accounting Practices (GRAP)* and the requirements of the *Public Finance Management Act 1 of 1999 (PFMA)*.

Basis for opinion

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

4. We are independent of the entity in accordance with the *Code of Professional Conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*.

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

RAiN Chartered Accountants Inc.
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Director: Ian Pierce
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34 Fricker Road Illovo Johannesburg South Africa. 2196
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Responsibilities of accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the *Generally Recognised Accounting Practices (GRAP)* and the requirements of the *Public Finance Management Act 1 of 1999 (PFMA)* and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor for the audit of the financial statements

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

9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 6 - 7 of the annexure to the auditor's report, forms part of our auditor's report.

Report on the audit of the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. We selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. We selected programmes that measures the entity's performance on its primary mandated functions and that is of significant national, community, or public interest.

Programme	Page numbers	Purpose
Project Development and Funding	40–41	The purpose is to facilitate the delivery of social housing units through the optimal investment and management of the consolidated capital grant, effective deal-making partnerships management, and transformation of the Construction Sector.

12. We evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery of its mandate and objectives.

13. We performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that we can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

15. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

14. We did not identify any material findings on the reported performance information of Project Development and Funding.

Other matter

15. We draw attention to the matter below.

Achievement of planned targets

16. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.

Report on the audit of compliance with legislation

17. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management, and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

18. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

19. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

20. We did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

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

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

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

24. If based on the work performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

25. We considered internal control relevant to our audit of the financial statements, annual performance report, and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

26. We did not identify any significant deficiencies in internal control.

Auditor tenure

27. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that RAiN Chartered Accountants Incorporated has been the auditor of The Social Housing Regulatory Authority for two years.

Rain.

RAiN Chartered Accountants Incorporated
Chartered Accountants (SA)
Registered Auditor
Per: I.E. Pierce
Johannesburg
30 July 2024

Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor's responsibility for the audit

Professional judgement and professional skepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional skepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern.
- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No. 1 of 1999 (PFMA)	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Prefential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act.	Section 2.1(a); 2.1(b); 2.1(f)
Practice note 7 of 2009/10	Paragraph 4.1.2
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)

Legislation	Sections or regulations
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 6.8; 7.8; Regulation 10.1; 10.2; 11.1
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Council's Report

The members submit their report for the year ended 31 March 2024.

1. Review of activities

Main business and operations

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

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

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

2. Going concern

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

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

3. Subsequent events

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

4. Council's interest in contracts

All council members are required to declare all interests to the Executive Authority in line with the Shareholders Compact Agreement.

Declaration of interest registers are signed at the commencement of each Council and Council committee meeting. Any instances of potential interest were reported accordingly.

5. Accounting policies

The annual financial statements for the year ended 31 March 2024 were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the PFMA and its regulations, directives and interpretations issued by the Accounting Standards Board.

6. Non-current assets

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

7. Council members

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

Name	Nationality	Changes
Non-executive Members		
Current members		
Ms P Mogotsi-Thobejane (Chairperson)	South African	Chairperson from 25 March 2024
Ms BN Nzo	South African	Chairperson until 24 March 2024
Mr J Maboa	South African	
Mr K Kiewitz	South African	
Ms A Olifant	South African	
Ms L Malema	South African	
Ms S Masiza	South African	
Prof M Radebe	South African	
Ms Q Gungubele	South African	Appointed 14 April 2023
Mr J Khawe	South African	Appointed 14 July 2023
Former members		
Mr A Latchu	South African	Resigned 26 June 2023
Ms Z Hill	South African	Resigned 4 July 2023
Ms YD Mbane	South African	Resigned 3 August 2023
Independent-members invited to meetings		
Ms Z Tshabalala	South African	
Ms P Sibiya	South African	Resigned 31 July 2023
Executive members		
Ms S Luthuli (Chief Executive Officer)	South African	
Mr V Fakudze (Acting Corporate Services Manager)	South African	Appointed 8 November 2021 to 28 August 2023
Ms L Sithole (Corporate Services Manager)	South African	Appointed 28 August 2023
Executive managers		
Mr D Koekemoer (Sector, Development and Transformation Executive)	South African	
Ms MM Nkopane (Compliance, Accreditation and Regulation Executive)	South African	Resigned 14 November 2023
Mr L Letsoalo (Project, Development and Funding Executive)	South African	
Ms B Van Staden (Acting Compliance, Accreditation and Regulations Executive)	South African	Appointed 18 May 2023
Mr V Fakudze (Chief Risk Officer)	South African	Appointed 1 January 2024

8. Council members and executive managers remuneration

Council members

	Meeting fees	Travel expenses	Other activities*	Total package 2024	Total package 2023
Non-executive members					
Current Chairperson					
Ms P Mogotsi-Thobejane	-	-	-	-	-
Former Chairperson					
Ms BN Nzo	182 435	5 439	149 267	337 141	394 949
	182 435	5 439	149 267	337 141	394 949
Non-executive members					
Former members					
Ms C Tshilande	-	-	-	-	14 987
Ms M Mfikoe	-	-	-	-	87 123
Mr A Latchu	32 376	291	-	32 667	179 721
Ms Z Hill	16 188	-	-	16 188	140 760
Ms YD Mbane	59 052	968	1 348	61 368	286 040
Current members					
Ms P Mogotsi-Thobejane	141 862	643	18 036	160 541	268 631
Ms L Malema	139 454	2 780	21 410	163 644	217 503
Ms S Masiza	53 960	323	4 889	59 172	122 168
Ms A Olifant	162 592	912	18 377	181 881	185 925
Mr K Kiewitz	119 204	-	21 073	140 277	153 035
Ms Q Gungubele	129 131	572	11 123	140 826	-
Mr J Maboa	146 186	1 114	11 970	159 270	218 038
Prof M Radebe	114 799	-	18 545	133 344	32 412
Mr J Khawe	87 010	4 152	22 361	113 523	-
Independent members invited to meetings					
Ms Z Tshabalala	232 517	-	-	232 517	150 645
Ms P Sibiya	151 426	-	-	151 426	227 296
	1 585 757	11 755	149 132	1 746 644	2 284 284
Total Council members remuneration	1 768 192	17 194	298 399	2 083 785	2 679 233

* Other activities includes attendance to project launches, training sessions, ministerial meetings, and portfolio committees.

8. Council members and executive managers remuneration (continued)

Executives

	Salary	Expense allowance	Other benefits received	Total package 2024	Total package 2023
Executive members					
Mr D Koekemoer (Acting Chief Executive Officer)	-	-	-	-	1 745 443
Mr S Luthuli (Chief Executive Officer)	2 425 840	46 550	36 883	2 509 273	411 307
Ms L Sithole (Corporate Services Manager)	1 163 750	15 050	-	1 178 800	-
Mr V Fakudze (Acting Corporate Services Manager)	770 507	7 500	12 745	790 752	1 886 736
	4 360 097	69 100	49 628	4 478 825	4 043 486
Executive managers					
Mr V Fakudze (Chief Risk Officer), appointed 1 January 2024	443 024	4 950	8 627	456 601	-
Mr L Letsoalo (Project Development and Funding Executive)	1 726 326	28 550	84 246	1 839 122	1 813 735
D Koekemoer (Sector Development and Transformation Executive)	1 575 625	28 550	48 370	1 652 545	247 846
Mr J Mofokeng (Acting Sector Development and Transformation Executive)	-	-	-	-	617 786
Ms JDN Phoswa (Acting Sector Development and Transformation Executive)	-	-	-	-	230 692
Ms MM Nkopane (Compliance, Accreditation and Regulation Executive)	1 726 051	17 300	483	1 743 834	1 671 489
Ms B Van Staden (Acting Compliance, Accreditation and Regulations Executive)	783 654	24 550	-	808 204	-
	6 254 680	103 900	141 726	6 500 306	4 581 548
	10 614 777	173 000	489 753	10 979 131	8 625 034

9. Corporate governance

General

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

Council members

The Council:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as pertaining 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 members as defined in the King Code; and
  - executive members.
- has established a Council continuity programme.

Chairperson and Chief Executive

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

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

Remuneration

The upper limits of the remuneration of the Chief Executive Officer, and the Corporate Services Manager, who are the only two executive members of the entity, are determined by the Council.

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

Executive meetings

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

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

Audit and risk committee

The committee's main purpose is to ensure the appropriateness of financial reporting and audit process, and to oversee the maintenance of IT operations and risk management.

Project Development & Funding Committee

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

Compliance, Accreditation and Regulations Committee

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

9. Corporate governance (continued)

Human Resources and Remuneration Committee

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

Social and Ethics Committee

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

Procurement framework

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

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

10. Council members

	Total number of ordinary meetings	Number of ordinary meetings attended
ORDINARY COUNCIL MEETINGS		
Former members		
Ms Z Hill (Resigned 4 July 2023)	5	1
Ms YD Mbane (Resigned 3 August 2023)	5	2
Mr A Latchu (Resigned 26 June 2023)	5	1
Current members		
Ms P Mogotsi-Thobejane (Chairperson from 25 March 2024)	5	2
Ms BN Nzo (Chairperson until 24 March 2024)	5	5
Ms L Malema	5	5
Ms S Masiza	5	2
Ms A Olifant	5	5
Mr K Kiewitz	5	4
Mr J Maboa	5	3
Prof M Radebe	5	4
Ms Q Gungubele (Appointed 14 April 2023)	5	4
Mr J Khawe (Appointed 4 July 2023)	5	3
Independent members who attend by invitation		
Ms P Sibiya (Resigned 31 July 2023)	5	1
Ms Z Tshabalala (Chairperson of ARC from 1 August 2023)	5	3
ORDINARY HUMAN RESOURCES AND REMUNERATION COMMITTEE MEETINGS		
Former members		
Ms Z Hill (Resigned 4 July 2023)	7	1
Ms YD Mbane (Resigned 3 August 2023)	7	3
Current members		
Ms A Olifant (Chairperson)	7	7
Ms Q Gungubele (Appointed from 27 July 2023)	7	4
Ms P Mogotsi-Thobejane	7	5
Mr J Maboa	7	6
Ms B Nzo (by invitation)	7	2

	Total number of ordinary meetings	Number of ordinary meetings attended
COMPLIANCE, ACCREDITATION AND REGULATIONS COMMITTEE		
Former members		
Ms Z Hill (Resigned 4 July 2023)	4	1
Ms YD Mbane (Resigned 3 August 2023)	4	2
Current members		
Mr J Maboa (Chairperson)	4	4
Mr K Kiewitz	4	4
Ms A Olifant	4	3
Mr J Khawe (Appointed 27 July 2023)	4	2
PROJECT, DEVELOPMENT AND FUNDING COMMITTEE		
Former members		
Mr A Latchu (Resigned 26 June 2023)	4	1
Current members		
Ms P Mogotsi-Thobejane (Chairperson)	4	2
Ms BN Nzo	4	3
Ms L Malema	4	3
Ms S Masiza (Appointed 27 July 2023)	4	2
Mr J Khawe (by invitation)	4	2
SOCIAL AND ETHICS MEETINGS		
Current members		
Mr K Kiewitz (Chairperson)	4	4
Prof M Radebe	4	4
Ms BN Nzo	4	4
Ms S Masiza	4	3
Mr J Khawe (Appointed 27 July 2023)	4	2
Ms Q Gungubele (by invitation)	4	1
Special Council Meetings		
Former members		
Ms YD Mbane (Resigned 3 August 2023)	8	2
Mr A Latchu (Resigned 26 June 2023)	8	1
Current members		
Ms P Mogotsi-Thobejane (Chairperson from 25 March 2024)	8	8
Ms BN Nzo (Chairperson until 24 March 2024)	8	8
Ms L Malema	8	7
Ms A Olifant	8	5
Ms S Masiza	8	2
Mr K Kiewitz	8	6
Mr J Maboa	8	6
Prof M Radebe	8	7
Ms Q Gungubele (Appointed 14 April 2023)	8	7
Mr J Khawe (Appointed 4 July 2023)	8	5
Independent members who attend by invitation		
Ms P Sibiya (Resigned 31 July 2023)	8	1
Ms Z Tshabalala (Chairperson of ARC from 1 August 2023)	8	0

10. Council members (continued)

	Total number of ordinary meetings	Number of ordinary meetings attended
SPECIAL HUMAN RESOURCES AND REMUNERATION COMMITTEE MEETINGS*		
Former members		
Ms YD Mbane (Resigned 3 August 2023)	5	5
Ms Z Hill (Resigned 4 July 2023)	5	0
Current members		
Ms A Olifant (Chairperson)	5	5
Ms Q Gungubele (Appointed 27 July 2023)	5	4
Mr J Maboa	5	4
Ms P Mogotsi-Thobejane	5	4
Ms B Nzo (by invitation)	5	2
SPECIAL PROJECT, DEVELOPMENT AND FUNDING COMMITTEE		
Former members		
Mr A Latchu (Resigned 26 June 2023)	1	1
Current members		
Ms P Mogotsi-Thobejane (Chairperson)	1	1
Ms L Malema	1	1
Ms BN Nzo	1	1
Ms S Masiza	1	0
Additional workshops, training and seminars were attended during the period by the members.		

Additional workshops, training and seminars were attended during the period by the members.

11. Auditors

RAiN Chartered Accountants Incorporated continued in office as external auditors for the current financial year.

12. Irregular expenditure

The irregular expenditure in the current financial year is R0 (2023: R77 811 147). At the time of reporting for the 2023/24 financial year, there were matters under assessment in line with the Irregular Expenditure Framework as published by the National Treasury. These assessments may result in additional irregular expenditure but the nature and extent at reporting date have not been established. Refer to Note 18 of the Annual Financial Statements

13. Fruitless and wasteful expenditure

There is no fruitless and wasteful expenditure identified in current financial year (2023: R0).

Statement of Financial Position

as at 31 March 2024

	Note(s)	2024 R	2023 R
Assets			
Current assets			
Receivables from exchange transactions	3	1 150 767	1 451 623
Receivables from non-exchange transactions	4	26 724 812	26 724 812
Cash and cash equivalents	5	785 825 584	1 240 126 588
		813 701 163	**1 268 303 023**
Non-current assets			
Property, plant and equipment	6	3 453 955	4 356 301
Intangible assets	7	3 309 526	3 267 785
		6 763 481	**7 624 086**
Total assets		**820 464 644**	**1 275 927 109**
Liabilities			
Current liabilities			
Operating lease liability	8	92 981	299 249
Payables from exchange transactions	9	47 660 039	30 583 768
Provisions	10	27 959 241	53 333 996
Residential rent relief programme	11	-	296 492 792
		75 712 261	**380 709 805**
Total liabilities		**75 712 261**	**380 709 805**
Net assets		**744 752 383**	**895 217 304**
Accumulated surplus		744 752 383	895 217 304
Total net assets		**744 752 383**	**895 217 304**

Statement of Financial Performance
as at 31 March 2024

	Note(s)	2024 R	2023 R
Revenue from non-exchange transactions	12	897 654 000	887 416 000
Other income	13	79 452	26 952 044
Operating expenses		(91 865 501)	(76 814 728)
Programme costs	16	(1 036 884 251)	(846 468 826)
Operating deficit	14	**(231 016 300)**	**(8 915 510)**
Interest income	15	80 551 383	68 191 077
(Deficit)/surplus for the year	26	**(150 464 917)**	**59 275 567**

Statement of Changes in Net Assets

for the year ended 31 March 2024

	Accumulated surplus R
Balance at 1 April 2022	**835 941 737**
Changes in net assets	
Surplus for the year	59 275 567
Total changes	59 275 567
Balance at 1 April 2023	**895 217 300**
Changes in net assets	
Deficit for the year	(150 464 917)
Total changes	(150 464 917)
Balance at 31 March 2024	**744 752 383**

Cash Flow Statement

for the year ended 31 March 2024

	Note(s)	2024 R	2023 R
Cash flows from operating activities			
Receipts			
Government Grants		897 654 000	887 416 000
Interest income		80 551 383	68 191 077
Other income		79 452	221 279
		978 284 835	955 828 356
Payments			
Employee costs		(44 774 879)	(42 216 043)
Programme costs		(1 048 855 561)	(786 108 032)
Suppliers		(41 917 513)	(35 674 487)
		(1 135 547 953)	(863 998 562)
Net cash flows from operating activities	17	**(157 263 118)**	**91 829 794**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(503 353)	(842 113)
Purchase of other intangible assets	7	(41 741)	-
Net cash flows from investing activities		**(545 094)**	**(842 113)**
Cash flows from financing activities			
Net movement from Residential Rent Relief Programme		(296 492 792)	(1 438 036)
Net (decrease)/increase in cash and cash equivalents		**(454 301 004)**	**89 549 645**
Cash and cash equivalents at the beginning of the year		1 240 126 588	1 150 576 943
Cash and cash equivalents at the end of the year	5	**785 825 584**	**1 240 126 588**

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2024

Budget on accrual basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Government Grants	922 654 000	314 483 000	1 237 137 000	897 654 000	(339 483 000)	26
Interest received	-	-	-	80 551 383	80 551 383	26
Other income	-	-	-	79 452	79 452	26
	922 654 000	**314 483 000**	**1 237 137 000**	**978 284 835**	**(258 852 165)**	
Expenses						
Compensation of employees	40 391 000	-	40 391 000	44 578 287	4 187 287	26
Depreciation and amortisation	-	-	-	1 359 979	1 359 979	
Operating expenses	56 305 000	-	56 305 000	45 927 235	(10 377 765)	
Programme costs	825 958 000	314 483 000	1 140 441 000	1 036 884 251	(103 556 749)	26
Total expenditure	**922 654 000**	**314 483 000**	**1 237 137 000**	**1 128 749 752**	**(108 387 248)**	
Deficit for the year	**-**	**-**	**-**	**(150 464 917)**	**-**	
Significant operating expenses						
Audit fees	2 117 000	-	2 117 000	3 062 915	945 915	26
Computer expenses	7 663 000	-	7 663 000	5 786 417	(1 876 583)	26
Lease payments	4 387 000	-	4 387 000	4 233 530	(153 470)	26
Legal fees	1 359 803	-	1 359 803	3 742 572	2 382 769	26
Professional fees	9 392 080	-	9 392 080	19 480 234	10 088 154	26
Travel and subsistence	1 463 000	-	1 463 000	1 564 859	101 859	26
	26 381 883	**-**	**26 381 883**	**37 870 527**	**11 488 644**	

Analysis of the deficit	
Retained cash surplus: used to fund CCG projects	(230 068 916)
Depreciation and Impairments for the year (non-budget item)	(1 405 698)
Leave accrual for the year (non-budget item)	378 862
Interest generated for the year (non-budget item)	80 551 383
Other income – SETA refund (non-budget item)	79 452
Deficit for the year per the statement of financial performance	**(150 464 917)**

Retention of Surpluses

The National Treasury approved the retention surpluses for the 2023/24 financial year, in terms of section 53(3) of the Public Finance Management Act of 1999, as well as National Treasury Instruction No. 12 of 2020/21. These funds were utilised to fund the deficit realised in the implementation of programmes. The overspending towards project implementation noted above did not exceed the surpluses cash retained per the National Treasury's approval.

SHRA projects are multi-year in their implementation. The SHRA maintains and monitors its programme disbursements though the implementation of Consolidated Capital Grant quarterly cash projections, allocating the current year's budget allocation against active projects approved over the recent two years. All other older projects are then funded from retained cash surplus rolled over from the previous years, which is why the SHRA always requests, and receives, approval for the retention of cash surplus.

Accounting Policies
for the year ended 31 March 2024

1. Presentation of Audited Annual Financial Statements

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

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

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

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

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

Provisions

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

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

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

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

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

Other significant judgements

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

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

1. Presentation of Audited Annual Financial Statements (continued)

1.4 Intangible assets (continued)

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, to their residual values as follows:

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

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

1.5 Financial instruments

A financial asset is:

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

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

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

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

1.6 Taxation

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

1.7 Leases

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

Operating leases – lessee

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

1.8 Employee benefits

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits: Defined contibution plans

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

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

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

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

1. Presentation of Audited Annual Financial Statements (continued)

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

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

1.10 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments will be measured at the contract value, less any expenditure incurred in the current, and past, financial periods.

Operational commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.11 Revenue from non-exchange transactions

Recognition

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

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

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

1.12 Irregular expenditure

Irregular expenditure as definded in section 1 of the PFMA is expenditure other than authorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulation made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provisioncial government.

Irregular expediture is recognised and disclosed in the financial statements, in accordance with the compliance reporting requirements of National Treasury Instruction 4 of 2022/2023 PFMA Compliance and reporting framework.

1.13 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.14 Budget information

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

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

The approved budget covers the fiscal period from 01 April 2023 to 31 March 2024.

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

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

Comparative information is not required.

1.15 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.

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 1 April 2024 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
• GRAP 104 – Financial Instruments (as revised)	1 April 2025	Unlikely there will be a material impact
• GRAP 25 – Employee benefits (as revised)	1 April 2024	Unlikely there will be a material impact
• Improvements to Standards of GRAP (2023)	1 April 2024	Unlikely there will be a material impact

3. Receivables from exchange transactions

	2024 R	2023 R
Prepayments	252 395	370 926
Deposits	846 115	1 048 178
Sundry receivables	52 257	32 519
	1 150 767	**1 451 623**
Other non-financial asset receivables included in receivables from exchange transactions above are as follows:		
Prepayments	252 395	370 926
Financial asset receivables included in receivables from exchange transactions above	**898 372**	**1 080 697**
Total receivables from exchange transactions	1 150 767	1 451 623

Deposits

Deposits relate to rental deposit on the premises occupied.

Trade and other receivables pledged as security

No receivables were pledged as security.

4. Receivables from non-exchange transactions

	2024 R	2023 R
Consolidated Capital Grant Recoveries	26 724 812	26 724 812

Consildated Capital Grant Recoverables

This was not a receivable in the normal course of business. It arose originally through the court order to recover disbursements historically made to the SHIP 8B – TBGI Holdings (Pty) Ltd – Soweto City.

5. Cash and cash equivalents

	2024 R	2023 R
Cash and cash equivalents consist of:		
Cash on hand	1 470	1 492
Current accounts	4 102 283	18 378 828
Call accounts	738 225 675	1 221 746 268
Reserve bank	43 476 560	-
Debit cards	19 596	-
	785 825 584	**1 240 126 588**

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

The credit quality of cash at bank and short term deposits, excluding cash on hand and cash held in the Corporation for Public Deposit (CPD) account 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:

	2024 R	2023 R
Credit rating		
Ba1 - First National Bank (Moody's Rating)	**742 347 554**	**1 240 125 096**

6. Property, plant and equipment

	2024			2023		
	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2 461 281	(1 231 065)	1 230 216	2 461 281	(1 009 549)	1 451 732
IT equipment	4 173 597	(2 346 932)	1 826 665	4 031 674	(1 867 974)	2 163 700
Leasehold improvements	5 561 961	(5 277 570)	284 391	5 368 258	(4 740 072)	628 186
Motor vehicle	357 719	(250 403)	107 316	357 719	(250 403)	107 316
Office equipment	53 663	(48 296)	5 367	53 663	(48 296)	5 367
Total	**12 608 221**	**(9 154 266)**	**3 453 955**	**12 272 595**	**(7 916 294)**	**4 356 301**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	1 451 732	-	(221 516)	-	1 230 216
IT equipment	2 163 700	309 650	(600 965)	(45 720)	1 826 665
Leasehold improvements	628 186	193 703	(537 498)	-	284 391
Motor vehicle	107 316	-	-	-	107 316
Office equipment	5 367	-	-	-	5 367
	4 356 301	**503 353**	**(1 359 979)**	**(45 720)**	**3 453 955**

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	1 660 687	12 560	(221 515)	-	1 451 732
IT equipment	2 070 876	824 596	(648 234)	(83 538)	2 163 700
Leasehold improvements	1 696 881	4 957	(1 073 652)	-	628 186
Motor vehicle	107 316	-	-	-	107 316
Office equipment	5 367	-	-	-	5 367
	5 541 127	**842 113**	**(1 943 401)**	**(83 538)**	**4 356 301**

Other information

Repairs and maintenance incurred relating to property, plant and equipment is R79 041: (2023: R129 651)

	2024 R	2023 R
Property, plant and equipment fully depreciated and still in use (Gross carrying amount)		
Motor vehicle	107 316	107 316

7. Intangible assets

	2024			2023		
	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	4 613 879	(1 304 353)	3 309 526	4 572 138	(1 304 353)	3 267 785

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	3 267 785	41 741	-	3 309 526

Reconciliation of intangible assets - 2023

	Opening balance	Total
Computer software	3 267 785	3 267 785

Other information

Included under Intangible Assets are software licenses bought by the SHRA for usage in its various operations as well as the development of the MyShra integrated portal aimed at seamlessly integrating various processes within the organisation. Various stages of the project will be included in one case management system that will house the process from SHI and project accreditation to ultimate project management and monitoring as part of the organisation's regulation mandate. These are presented on an aggregated basis where off-the-shelf licences are grouped together with internally generated assets.

The development of the case management system (MyShra) has taken considerably longer than anticipated, however, the organisation is still committed to seeing the project to its fruition since it still holds relevance to improving the SHRA's processes and mandate.

8. Operating lease liability

	2024 R	2023 R
Current liabilities - Premises	92 981	299 249

The operating lease liability relate to the rental of premises of the entity which have been negotiated for a 2 year period commencing 01 September 2023 with a yearly increase of 8%. The terms of the rental agreement do not include a renewal or purchase option.

9. Payables from exchange transactions

	2024 R	2023 R
Trade payables	2 276 363	-
Accrued expenses	43 609 898	28 431 128
Accrued leave pay	1 773 778	2 152 640
	47 660 039	30 583 768

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

Accrued expenses in the current year comprise mainly of programme costs. The comparative figure includes only operational costs.

10. Provisions

Reconciliation of provisions - 2024

	Opening balance	Utilised during the year	Total
Interest earned capitalisation	53 333 996	(25 374 755)	27 959 241

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonuses	2 481 201	-	-	(2 481 201)	-
Interest earned capitalisation	19 823 679	67 441 328	(33 931 011)	-	53 333 996
	22 304 880	**67 441 328**	**(33 931 011)**	**(2 481 201)**	**53 333 996**

The bonus is a short-term performance incentive determined according to the approved remuneration and performance management policies. The payment of this incentives is considered subsequent to the audit processes in the period of September, annually. No bonuses were paid in the current or previous year. The utilisation of the bonus noted was actually the reversal of the provision raised as it became evident that the SHRA will not be paying any bonuses for the said year.

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

11. Residential Rent Relief Programme

	2024 R	2023 R
Balance at the beginning of the year	296 492 792	297 930 828
Disbursements during the year	(14 092 792)	(1 438 036)
Surrendered/Returned to National Treasury	(282 400 000)	-
	-	**296 492 792**

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

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

During the financial year National Treasury recalled the unutilised portion of the fund due to the improvement in economic conditions, thus making the 2024 financial year the last of the programme.

12. Revenue from non-exchange transactions

	2024 R	2023 R
Operational grant	73 073 000	72 738 000
Institutional investment grant	23 623 000	23 534 000
Consolidated capital grant	800 958 000	791 144 000
	897 654 000	**887 416 000**

13. Other income

	2024 R	2023 R
Non-exchange other income		
Consolidated Capital Grant recoveries	-	26 724 812
Exchange other income		
SETA fund recoveries	79 452	124 830
Staff Recoveries	-	102 402
	79 452	**26 952 044**

The Consolidated Capital Grant recovery relates to TBGI - Soweto - SHIP 8B and have been raised in accordance with the court order to recover prior disbursements. There were no similar court orders and/or judgments during the 2024 financial year.

14. Operating deficit

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

	2024 R	2023 R
Operating lease charges		
Premises		
• Straight lined amounts	**4 155 379**	**4 366 093**
Equipment		
• Contractual amounts	**78 151**	**125 306**
	4 233 530	**4 491 399**

	Note(s)	2024 R	2023 R

14. Operating deficit (continued)

	Note(s)	2024 R	2023 R
Depreciation and amortisation on property, plant and equipment	6	1 359 979	1 943 401
Employee costs		44 578 287	39 520 949
External and internal audit fee		3 062 915	1 025 942
Programme costs	16	1 036 884 251	846 468 826
Repairs and maintenance		79 041	129 651
Research and development		598 000	-

15. Interest income

		2024 R	2023 R
Interest earned - Bank		80 551 383	68 191 077

16. Programme costs

Province/Institution	Project	Programme	2024 R	2023 R
Eastern Cape Province				
Imizi Housing Utility NPC	John Str	SHIP 9D	2 080 274	7 280 748
North West Province				
Bokone Social Housing	Tlhabane West	SHIP 11B	-	5 109 009
Instratin Properties (Pty) Ltd	Flamwood	SHIP 5A	-	2 662 903
			-	7 771 912
Gauteng Province				
JOSHCO (Pty) Ltd	City Deep	SHIP 3B	28 841 204	-
Instratin Properties (Pty) Ltd	Devland Ext 36	SHIP 5A	-	2 150 306
Ekurhuleni Housing Company (Pty) Ltd	Delville	SHIP 6A	-	412 436
JOSHCO (Pty) Ltd	Plein Street	SHIP 6A	-	4 934 904
JOSHCO (Pty) Ltd	Turfontein	SHIP 6A	-	13 476 730
Housing Company Tshwane	Townlands Phase 1	SHIP 7C	72 617 500	3 761 581
Housing Company Tshwane	Townlands Phase 2	SHIP 7C	55 246 500	2 769 832
Arrow Creek Investments 25 (Pty) Ltd	Mogale Junction	SHIP 7D	-	9 658 616
Instratin Properties (Pty) Ltd	Carnival City	SHIP 8B	-	2 856 021
Toro Property Management NPC	GaRankuwa	SHIP 8D	-	109 956 781
The Housing Hub (Pty) Ltd	Mohlakeng	SHIP 9A	-	26 620 727
YG Property (Pty) Ltd	Kempton Village	SHIP 9A	-	248 510
GNI Social Housing (Pty) Ltd	Unity House	SHIP 10B	-	2 597 462
JIDMAC Social Housing (Pty) Ltd	Fochville	SHIP 10C	-	5 085 272
Lets Care South Africa NPC	Sondela Village Phase 2	SHIP 10C	-	4 184 418
JIDMAC Social Housing NPC	Fochville EXT 8	SHIP 11B	5 527 538	2 052 247
YG Property (Pty) Ltd	Kempton Towers	SHIP 11B	1 860 410	14 437 858
Ekurhuleni Housing Company (Pty) Ltd	Germiston Firestation PH 2	SHIP 11D	24 849 799	-
SA Corporate Real Estate	North Park Mall	SHIP12A	1 878 871	34 260 000
Azaad Aswat	Boston House	SHIP 12B	2 338 056	21 042 506
Grand Central Towers	Bridgeport No 105	SHIP 12B	124 148 462	148 181 879
Siyanakhela Imizi	Betty Street	SHIP 12B	12 342 762	-
GNI Social Housing (Pty) Ltd	Benoni Heights	SHIP 13D	30 117 514	-
JOSHCO (Pty) Ltd	Princess Plots	SHIP 13E	21 890 554	-
JOSHCO (Pty) Ltd	Riverside View	SHIP 13E	72 837 039	-
JOSHCO (Pty) Ltd	Lufhereng	SHIP 13E	22 810 878	-
			477 307 087	**408 688 086**

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16. Programme costs (continued)

Province/Institution	Project	Programme	2024 R	2023 R
Mpumalanga Province				
Goven Mbeki Housing Association NPC	Kwandokuhle	SHIP 10D	52 667 743	14 671 915
			52 667 743	**14 671 915**
Kwa-Zulu Natal Province				
Buhlebezwe Property NPC	Hospital Street	SHIP 10A	83 543 452	106 920 854
Instratin Properties (Pty) Ltd	Bridge City	SHIP 9F	76 169 436	63 637 487
Crowie Property Group	Bridge City	SHIP11D	-	6 075 659
			159 712 888	**176 634 000**
Western Cape Province				
Communicare NPC	Bothasig	SHIP 9E	2 668 913	3 894 604
Community Housing Services NPC	Goodwood	SHIP 8B	211 096 559	46 988 519
Povicom NPC	Regent Villa	SHIP 10B	2 000 392	5 676 053
Own Haven Housing Association NPC	Conradie phase 2	SHIP 10C	-	12 488 377
Madulammoho	Maitland Mews	SHIP 11B	7 004 667	47 782 589
Instratin Properties (Pty) Ltd	Mountain Ridge Gardens	SHIP 12A	-	19 582 426
Own Haven Housing Association NPC	Conradie Phase 2	SHIP 13C	70 099 069	-
Povicom NPC	Regent Villa	SHIP 13E	6 797 769	-
			299 667 369	**136 412 568**
Northern Cape Province				
South Africa Swedish International Housing Company	Hull Street	SHIP 10C	38 939 556	17 999 994
Programme costs - interest earned			-	67 441 326
Total Consolidated Capital Grants			1 030 374 917	836 900 585
Institutional Investment Grants				
General Capacitation Grant			6 002 330	8 477 917
Project Feasibility Grant			-	904 220
Staff Gear-up Grant			507 004	186 104
			6 509 334	**9 568 241**
Total grants			**1 036 884 251**	**846 468 826**

Consolidated Capital Grants

These programme costs relate to capital grants to social housing in accordance with the relevant investment criteria.

Institutional Investment Grants

These programme costs relate to the following:

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

	2024 R	2023 R

17. Cash (used in) generated from operations

	2024 R	2023 R
(Deficit)/surplus	(150 464 917)	59 275 567
Adjustments for:		
Depreciation and amortisation	1 359 979	1 943 401
Impairments	45 719	83 539
Movements in operating lease assets and accruals	(206 268)	(556 386)
Movements in provisions	(25 374 755)	31 029 112
Changes in working capital:		
Receivables from exchange transactions	300 856	143 106
Other receivables from non-exchange transactions	-	(26 724 812)
Payables from exchange transactions	17 076 268	26 636 267
	(157 263 118)	**91 829 794**

18. Irregular expenditure

	2024 R	2023 R
Irregular Expenditure – current	-	77 811 147

The irregular expenditure in the previous year relates to:

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

The Council has ratified these resolutions on the 26 January 2023, whereafter there is no more additional irregular expenditure on the contracts which was previously approved by the interim Council. During the 2023/24 financial year approval for condonation of the irregular expenditure has been requested from National Treasury.

19. Contingencies

Contingent assets

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

Housing Authority of East London (HAEL)

HAEL's contract was cancelled in April 2020 due to non-performance. An amount of R8 009 699 was previously disbursed. Legal proceedings to reocover the R8 009 699 with interest in respect of phase 3 were instituted.

Judgment in favour of the SHRA was received during April 2024 with costs. The court further requires the SHRA to go and investigate the financial records of HAEL to ascertain whether the funds were all used toward the project prior to deciding on the matter of transfer of phase 3, alternatively the refund of the funds. The timing of the flow of the funds is unknown.

Manapendlo Social Housing Institution NPC

The SHRA is taking the strategy of recovering the funds R10 798 385 from Manapendlo for failure to meet financial closure. This approach would require the appointment of attorneys and making an application in court. The grant recipient has since been placed under business rescue and the SHRA is bringing an application in court to uplift the business rescue and recover the funds. Once the transfer is finalised the SHRA will identify an alternate delivery agent to take over the project. The timing of the flow of the funds is unknown.

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19. Contingencies (continued)

Contingent assets (continued)

Hlalanathi Social Housing Association NPC.

The Restructuring Consolidated Grant was cancelled due to failure to meet financial closure. An amount of R28 000 552 was previously disbursed. This matter has been referred for Arbitration to recover the disbursed funds. The intention is to deliver this project via an alternate delivery agent. As at the end of the financial year, the arbitration process is on hold pending the rescission of the liquidation order filed by one of Hlalanathi's creditors. The timing of the flow of the funds is unknown.

Mafikeng Project Securitization (RF) (Pty) Ltd also known as Marang Estate Developments

Following the RCG funding agreement which was entered into, the project did not achieve conditions precedent and financial closure. An amount of R144 755 020 was disbursed as permitted by the prevailing policy at that time. The SHRA cancelled its agreement with the grant recipient due to non-performance of the contract and requested that the funds disbursed be returned to the SHRA. Thereafter, through the National Treasury, the Directorate for Priority Crime Investigation (DPCI/the Hawks) instituted criminal investigations into the project. The recoverability of the amount by the Social Housing Regulatory Authority is dependent on the outcome of the criminal case. The probability of success and timing thereof is unknown.

Contingent liability

In terms of section 53(3) of the PFMA, and in terms of Treasury Instruction 12 of 2020/2021, a public entity may not accumulate surplus funds without approval from the National Treasury. Approval for the 2024 financial year will only be obtained after finalisation of the 2024 audit. National Treasury has previously approved the accumulation of surpluses, and there is no indication that the retention will not be allowed for the 2024 surpluses as well.

20. Commitments

	2024 R	2023 R
Authorised Total Grant Commitments		
Already contracted for but not provided for		
• Consolidated Capital Grant	3 499 270 799	2 328 932 198
• Provincial Institutional Grant	41 156 679	41 156 679
	3 540 427 478	**2 370 088 877**
Not yet contracted for and authorised by members		
Consolidated Capital Grant	-	1 026 489 687
Total capital commitments		
Already contracted for but not provided for	3 540 427 478	2 370 088 877
Not yet contracted for and authorised by members	-	1 026 489 687
	3 540 427 478	**3 396 578 564**

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

	2024 R	2023 R
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	4 170 874	2 065 487
– in second to fifth year inclusive	1 793 210	-
	5 964 084	**2 065 487**

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of two years and have a escalation of 8% per year (2023: 8.5%). No contingent rent is payable.

21. Related parties

Relationships	2024 R	2023 R
Controlling entity National Department of Human Settlements		
Related party transactions		
Revenue received from related parties National Department of Human Settlements	897 654 000	887 416 000

Remuneration of management

Name	Basic salary	Expense allowance	Other benefits received	Total
Executive Management Remuneration				
2024				
Chief Executive Officer: Mr S Luthuli	2 425 840	46 550	36 883	2 509 273
Corporate Services Manager: Ms L Sithole	1 163 750	15 050	-	1 178 800
Acting Corporate Services Manager: Mr V Fakudze	770 507	7 500	12 745	790 752
	4 360 097	**69 100**	**49 628**	**4 478 825**
2023				
Acting Chief Executive Officer: Mr D Koekemoer	1 714 054	24 500	6 889	1 745 443
Chief Executive Officer: Mr S Luthuli	404 307	7 000	-	411 307
Acting Corporate Services Manager: Mr V Fakudze	1 836 592	18 000	32 144	1 886 736
	3 954 953	**49 500**	**39 033**	**4 043 486**
Executive managers				
2024				
Chief Risk Officer (Appointed 1 January 2024): Mr V Fakudze	443 024	4 950	8 627	456 601
Compliance, Accreditation and Regulation Executive: Ms MM Nkopane	1 726 051	17 300	483	1 743 834
Acting Compliance, Accreditation and Regulations Executive:Ms B Van Staden	783 654	24 550	-	808 204
Sector Development & Transformation Executive: Mr D Koekemoer	1 575 625	28 550	48 370	1 652 545
Project Development & Funding Executive: Mr L Letsoalo	1 726 326	28 550	84 246	1 839 122
	6 254 680	103 900	141 726	6 500 306

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21. Related parties (continued)

Name	Basic salary	Other short- term employee benefits	Other benefits received	Total
2023				
Compliance, Accreditation and Regulation Executive: Ms MM Nkopane	1 640 948	24 000	6 541	1 671 489
Sector Development & Transformation Executive: Mr D Koekemoer	243 846	4 000	-	247 846
Acting Sector Development & Transformation Executive: Ms J D N Phoswa	225 692	5 000	-	230 692
Project Development & Funding Executive: Mr L Letsoalo	1 789 257	24 000	478	1 813 735
Acting Sector Development & Transformation Executive: Mr J Mofokeng	598 812	14 000	4 975	617 787
	4 498 555	**71 000**	**11 994**	**4 581 549**

22. Financial instruments disclosure

	At amortised cost	Total
Categories of financial instruments		
2024		
Financial assets		
Trade and other receivables from exchange transactions	898 372	898 372
Other receivables from non-exchange transactions	26 724 812	26 724 812
Cash and cash equivalents	785 825 584	785 825 584
	813 448 768	**813 448 768**
Financial liabilities		
Trade and other payables from exchange transactions	45 886 261	45 886 261
2023		
Financial assets		
Trade and other receivables from exchange transactions	1 080 697	1 080 697
Other receivables from non-exchange transactions	26 724 812	26 724 812
Cash and cash equivalents	1 240 126 588	1 240 126 588
	1 267 932 097	**1 267 932 097**
Financial liabilities		
Trade and other payables from exchange transactions	30 583 678	30 583 678

23. Risk management

Financial risk management

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

Liquidity risk

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

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

	Less than 1 year	Total
At 31 March 2024		
Payables from exchange transactions	45 886 261	45 886 261
At 31 March 2023		
Payables from exchange transactions	30 583 678	30 583 678

Credit risk

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

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

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

Financial instrument	2024	2023
Cash and cash equivalents	785 825 583	1 240 126 588
Receivables from exchange transactions	1 150 767	1 080 697
Receivables from non-exchange transactions	26 724 812	26 724 812

Market risk

Interest rate risk

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

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

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

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

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24. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of five major functional areas: Consolidated Capital Grant, Operational Grant, Institutional Grant, Regulations and Residential Rent Relief Programme. No aggregated information is presented for segments, each segment is reported separately based on its functions and activities. Management uses these same segments for determining strategic objectives in pursuit of the entity's mandate. All operations are centralised.

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

The segments were organised around the type of service delivered and the target market, and each segment contributes to the overall achievement of the SHRA's mandate by focusing on delivering specific services aimed at delivering on the main strategic objective as follows:

- Consolidated Capital Grant falls under the Project Development and Funding unit and its mandate is to facilitate the delivery of social housing units through the optimal investment and management of the consolidated capital grant, effective deal-making, partnerships management (provinces, municipalities, other government institutions, funders, and financiers), and transformation of the Construction Sector.
- Operational Grant is used to fund all the operating expenses for the entire organisation, including those incurred in the implementation activities carried out by all other segments. This includes operating expenses such as, compensation for employees, travel and accommodation, amongst others.
- Institutional Grant falls under the Sector Development and Transformation unit and its mandate is to support the growth and development of the Social Housing Sector and to administer the Institutional Investment Grant (IIG). It is responsible for the growth and development of Social Housing Institutions (SHIs) and Other Delivery Agents (ODAs), transformation and empowerment of the Social Housing Sector, assessment of applications for IIGs, and the coordination and management thereof.
- Regulations falls under the Compliance, Accreditation and Regulation unit whose mandate is to accredit SHIs and projects and ensure compliance of the sector for the purpose of attracting private investment and to ensure sustainability of the Social Housing Programme. It is responsible for the regulation of social housing, accreditation of SHIs, and project and compliance monitoring.
- Residential Rent Relief is the programme that was necessitated by the tough economic conditions brought about by the Covid-19 pandemic which led to scores of citizens, social housing beneficiaries, to lose their source of income and thus could not afford rental obligation. The aim of the programme was to provide temporary relief to those negatively affected by the pandemic, and since the end of the pandemic brought about an upswing in economic conditions, albeit minor, has since lead to the end of the programme making the 2024 year end the last of the programme.

Segment surplus or deficit, assets and liabilities

	Consolidated Capital Grant	Operational Grant	Institutional Investment Grant	Regulations	Residential Rent Relief Programme	Total
2024						
Revenue						
Grants received	800 958 000	66 573 000	23 623 000	6 500 000	-	897 654 000
Interest income	51 530 446	5 127 476	5 409 893	953 844	17 529 724	80 551 383
Other income	-	79 452	-	-	-	79 452
Total segment revenue	**852 488 446**	**71 779 928**	**29 032 893**	**7 453 844**	**17 529 724**	**978 284 835**
Entity's revenue						**978 284 835**
Expenditure						
Advertising	-	509 646	-	150 444	-	660 090
Audit fees	-	3 062 915	-	-	-	3 062 915
Bank Charges	-	32 043	-	-	-	32 043
Professional fees	-	13 808 205	-	5 672 029	-	19 480 234
Employee costs	-	44 242 800	335 487	-	-	44 578 287
Programme costs	1 030 374 917	-	6 509 334	-	-	1 036 884 251
Lease rentals on operating lease	-	4 233 530	-	-	-	4 233 530
Legal expenses	-	2 885 005	-	569 464	-	3 454 469
Training and workshops	-	1 286 609	1 264 242	64 740	-	2 615 591
Travel	-	812 596	570 260	263 564	-	1 646 420
Other expenses	-	12 040 221	47 706	13 995	-	12 101 922
Total segment expenditure	**1 030 374 917**	**82 913 570**	**8 727 029**	**6 734 236**	**-**	**1 128 749 752**
Total segmental deficit						**(150 464 917)**

24. Segment information (continued)

	Consolidated Capital Grant	Operational Grant	Institutional Investment Grant	Regulations	Residential Rent Relief Programme	Total
2023						
Revenue						
Grant received	791 144 000	63 706 000	23 534 000	9 032 000	-	887 416 000
Interest income	47 077 790	4 484 319	-	-	16 628 968	68 191 077
Other income	26 724 812	227 232	-	-	-	26 952 044
Total segment revenue	**864 946 602**	**68 417 551**	**23 534 000**	**9 032 000**	**16 628 968**	**982 559 121**
Entity's revenue						**982 559 121**
Expenditure						
Advertising	-	506 739	-	150 444	-	657 183
Audit fees	-	1 025 942	-	-	-	1 025 942
Bank charges	-	38 927	-	-	-	38 927
Professional fees	-	5 175 417	-	6 112 709	-	11 288 126
Employee costs	-	39 185 461	335 487	-	-	39 520 948
Programme costs	836 900 585	-	9 568 241	-	-	846 468 826
Lease rentals on operating lease	-	4 491 399	-	-	-	4 491 399
Legal expenses	-	5 193 645	-	569 464	-	5 763 109
Training and workshops	-	987 526	1 264 242	64 740	-	2 316 508
Travel	-	1 558 812	561 894	263 564	-	2 384 270
Other expenses	-	9 257 839	56 482	13 995	-	9 328 316
Total segment expenditure	**836 900 585**	**67 421 707**	**11 786 346**	**7 174 916**	**-**	**923 283 554**
Total segmental surplus						**59 275 567**

25. Events after the reporting date

There are no subsequent events between the reporting date and the date financial statements were authorised for issue, that require adjustments or disclosure in the financial statements.

26. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

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

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

The budget is approved on a cash basis by functional classification. The approved budget covers the period from 1 April 2023 to 31 March 2024. The variance on the budget was as a result of the following:

26.1 Changes from original budget to final budget: The Council approved the budget and submitted it to the Executive Authority in terms of section 53(1) of the PFMA. The original approved budget was revised in February 2024 following the National Treasury approval of the retention of surplus. An amount of R314 000 000 was adjusted for use towards the implementation of the consolidated capital retained funds.

26.2 Government Grant: The variance is resultant from two budget adjustments that took place during the year. The first one resulted from a reduction of R25 000 000 (3%) received through the MTEF process during the third quarter of the year, resulting to the adjusted CCG budget of R800 958 000 from the original amount of R825 958 000, as well as an increase of R339 483 000 following the National Treasury's approval of cash surplus retention during the year. This is due to the fact that actual refers to an amount actually received/recognised as grant during the year, and cash surplus retention refers to funds already in the organisation's bank account from prior year(s). This does not, in any way, mean that the organisation received less funds than allocated for the financial year.

26.3 Interest Received: The variance results from the fact that interest is never budgeted for since the organisation's intention is not to earn interest from grant, however interest does accrue to the entity on cash on hand while awaiting disbursements towards the organisation's core mandate.

26.4 Other Income: The other income in the current year is significantly lower than the previous year as there were no debtors recognised against possible recoveries in the current year. The amount included therein for the current year relates to refunds from the Services SETA and is never included in the budget.

26.5 Compensation for employees: The variance is resultant from various operational factors such as, the CCMA settlement and the filling of vacant posts during the year. These posts were not new but rather vacant due to normal staff turnover.

26.6 Programme costs: The variance in programme costs is attributable to projects and interventions initiated/approved in the current year but have not yet been concluded or achieved milestones that allow for disbursements during the year per the contractual requirements for project management and monitoring. It is, however, expected that as projects mature and milestones achieved expenditure, and thus disbursements, will increase substantially.

26.7 Computer cost: The noted variance is due to saving on all procurement initiatives on improvement/ enhancement and maintenance of IT architecture and overall safety including additional software licenses to cater for filled posts (users) and increase in interns.

26.8 Legal fees: The variance noted under legal fees is due to legal matters and litigations that could not be foreseen and/or avoided as the SHRA's mandate is squarely located within the environment that is shrouded with litigations thus driving legal costs out of its direct control.

26.9 Professional fees: The noted variance is largely due to the increase in use of service providers to enable the vetting, approval and implementation of various programmes including the new project launched regarding the change management.

26.10 Travel and subsistence: The noted variance is due to various travel initiatives for project launches and site visits by the CEO's office and the PD&F team. Furthermore, the CEO and Chairperson also had an international trip to Ghana as part of the NDoHS Minister's delegation to visit the Ghanaian counterparts to engage on policy and technical exchanges, including business representatives operating in the housing and human settlements development sector, to facilitate knowledge exchange, networking, and partnerships.

Supplementary information: Detailed Income Statement

for the year ended 31 March 2024

	Note(s)	2024 R	2023 R
Revenue from non-exchange transactions			
Government grants	12	897 654 000	887 416 000
Other income			
Consolidated Capital Grant recovery		-	26 724 812
Interest received	15	80 551 383	68 191 077
SETA Fund Recoveries		79 452	124 830
Staff Recoveries		-	102 402
		80 630 835	**95 143 121**
Operating expenses			
Administration and management fees		(2 518)	-
Advertising		(660 090)	(657 183)
Auditors remuneration - external and internal		(3 062 915)	(1 025 942)
Bank charges		(32 043)	(38 927)
Cleaning		(204 137)	(158 360)
Computer, IT and website expenses		(5 786 417)	(3 721 948)
Courier		(28 091)	(37 058)
Depreciation and amortisation		(1 359 979)	(1 943 401)
Donations		-	(920)
Employee costs		(44 578 287)	(39 520 949)
Entertainment		-	(249)
Impairments		(45 719)	(83 539)
Insurance		(262 681)	(402 822)
Lease rentals on operating lease		(4 233 530)	(4 491 399)
Legal expenses		(3 742 572)	(5 763 109)
Motor vehicle expenses		(106 086)	(94 773)
Printing and stationery		(454 890)	(72 207)
Professional fees		(19 480 234)	(11 288 126)
Programme costs	16	(1 036 884 251)	(846 468 827)
Repairs and maintenance		(79 041)	(129 651)
Research and development costs		(598 000)	-
Small assets		(2 737)	(136 545)
Staff welfare		(324 170)	(299 943)
Subscriptions		(322 109)	(511 699)
Telephone and fax		(1 191 688)	(660 108)
Training		(2 615 591)	(2 316 508)
Travel - local		(1 646 420)	(2 384 271)
Utilities		(1 045 556)	(1 075 094)
		(1 128 749 752)	**(923 283 558)**
(Deficit)/surplus for the year		**(150 464 917)**	**59 275 563**

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

ANNEXURE

A

LIST OF ACTIVE PROJECTS

List of Active Projects

Year Approved	Grant Recipient	Project Name	No. of Units	Project Type	Project Status	Province	Total Grant Award (R'000)
2011/12	FRESHCO	Brandwag Ph 2	495	Greenfield	On hold	FS	118 981
2012/13	Capital City Housing	Aloe Ridge	952	Greenfield	Completed with challenges	KZN	228 860
2012/13	JOSHCO	City Deep Ph 3	328	Greenfield	Completed with challenges	GP	60 226
2013/14	JOSHCO	Dobsonville	502	Greenfield	Completed with challenges	GP	63 059
2014/15	QHAMA	Steve Biko Mumford	220	Brownfield	Construction and Tenanting	EC	63 044
2014/15	FRESHCO	Brandwag Ph 3	154	Greenfield	On hold	FS	54 714
2014/15	Instratin	Devland Gardens	870	Greenfield	Construction and Tenanting	GP	215 918
2014/15	Instratin	Matlosana Gardens	1 168	Greenfield	Tenanting	NW	303 517
2015/16	Ekurhuleni Housing Co.	Delville	88	Greenfield	Completed with challenges	GP	12 562
2015/16	Ekurhuleni Housing Co.	Germiston Firestation	150	Greenfield	Completed with challenges	GP	19 480
2015/16	JOSHCO	Devland/Golden Highway	444	Greenfield	Construction and Tenanting	GP	55 773
2015/16	JOSHCO	Plein Street	210	Brownfield	Completed	GP	26 851
2015/16	Gabonewe Housing	Frischgewaagd Farm	801	Greenfield	Planning	NW	100 618
2016/17	Golden West	Westonaria Borwa	582	Greenfield	On hold	GP	154 781
2016/17	Housing Company Tshwane	Townlands Ph 2	509	Greenfield	Construction	GP	138 379
2016/17	Housing Company Tshwane	Townlands Ph 1	691	Greenfield	Construction	GP	187 860
2016/17	Urbanscape	301 Marshalltown	42	Brownfield	Tenanting	GP	11 170
2016/17	Arrow Creek	Mogale Junction Ph 1 & 2	1 590	Greenfield	Construction and Tenanting	GP	334 029
2017/18	DCI Holdings	Goodwood Station	1 055	Greenfield	Planning	WC	303 984
2017/18	DCI Holdings	Heideveld	180	Greenfield	Planning	WC	47 870
2017/18	Kenso	Hillside View	839	Greenfield	Tenanting	FS	178 529
2017/18	Instratin	Carnival Gardens	888	Greenfield	Construction and Tenanting	GP	251 728
2017/18	Toro Ya Afrika	Garankuwa	1 592	Greenfield	Construction	GP	449 881
2018/19	YG Property Investments	Kempton Village	312	Greenfield	Completed	GP	95 761
2018/19	The Housing Hub	Mohlakeng	1 080	Greenfield	Construction and Tenanting	GP	312 549
2018/19	Ekurhuleni Housing Company	Clayville (EKHC)	452	Greenfield	Construction	GP	122 884
2018/19	JOSHCO	Turffontein Gardens	504	Greenfield	Completed	GP	137 021
2018/19	Imizi	John Street	385	Greenfield	Tenanting	EC	133 237
2018/19	Communicare	Bothasig Gardens P3	314	Greenfield	Tenanting	WC	90 871
2018/19	Polokwane Housing Association	Ga Rena (Annandale)	494	Greenfield	Construction and Tenanting	LP	134 302

Year Approved	Grant Recipient	Project Name	No. of Units	Project Type	Project Status	Province	Total Grant Award (R'000)
2018/19	Instratin	Bridge City (Instratin)	1 130	Greenfield	Construction	KZN	307 210
2018/19	Kertrade 24 (Pty) Ltd	Madison Loft	100	Acquisition	Tenanting	GP	27 187
2019/20	Buhlebezwe Property	Hospital Street	1 056	Greenfield	Construction	KZN	305 608
2019/20	GNI – Jeppe's Town	Unity House	95	Brownfield	Tenanting	GP	25 975
2019/20	Povicom	Regent Villas Ph 2	60	Greenfield	Construction	WC	17 351
2019/20	Let's Care	Sondela Village Ph 2	177	Greenfield	Tenanting	GP	51 498
2019/20	SASIHC	Hull Street	372	Greenfield	Construction	NC	101 135
2019/20	Jidmac	Fochville Ext 11	258	Greenfield	Tenanting	GP	74 664
2019/20	Own Haven Housing Association	Conradie Park Ph 1	432	Greenfield	Completed	WC	142 945
2019/20	Goven Mbeki Housing Co.	Kwandokuhle	492	Greenfield	Planning	MP	133 759
2019/20	Mzansi Housing	Willow Creek	360	Greenfield	Withdrawn	MP	99 564
2020/21	Jidmac	Fochville Ext 8	256	Greenfield	Tenanting	GP	69 598
2020/21	YG Property Investments	Kempton Towers	240	Greenfield	Tenanting	GP	69 455
2020/21	Madulammoho	Maitland Mews	204	Greenfield	Construction	WC	68 057
2020/21	Bokone Social Housing	Thlabane West	700	Greenfield	Withdrawn	NW	202 578
2020/21	Ekurhuleni housing company	Germiston Firestation Ph 2	152	Greenfield	Construction and Tenanting	GP	41 324
2020/21	Crowie Property Group	Bridge City	738	Greenfield	Planning	KZN	200 638
2021/22	Instratin	Midrand Heights	305	Greenfield	Planning	GP	82 919
2021/22	Instratin	Mountain Ridge Gardens	362	Greenfield	Planning	WC	98 416
2021/22	SA Corporate Real Estate	North Park Mall	133	Brownfield	Tenanting	GP	36 158
2021/22	Bridgeport No 105	Grand Central Towers	990	Greenfield	Construction	GP	269 148
2021/22	Siyanakhela Imizi	Betty Street	227	Brownfield	Planning	GP	61 714
2021/22	Azaad Aswat	Boston House	86	Brownfield	Completed	GP	23 381
2022/23	Own Haven Housing Association	Conradie Park Ph 2	659	Greenfield	Construction	WC	216 605
2022/23	GNI	Benoni Heights	210	Brownfield	Construction	GP	69 024
2022/23	JOSHCO	Riverside	1 108	Greenfield	Construction	GP	364 185
2022/23	JOSHCO	Lufhereng	347	Greenfield	Completed	GP	114 054
2022/23	JOSHCO	Princess Plots	333	Greenfield	Planning	GP	109 453
2022/23	Yapovu NPC	Selby House	356	Brownfield	Planning	GP	117 013
2022/23	Povicom	Regent Villas Ext 2	110	Greenfield	Planning	WC	36 156

Notes

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