



*Affordable Reliable Justice*

**(CSOS)**

**ANNUAL PERFORMANCE PLAN**

**2017/2018**

**December 2016**

## **Official sign-off**

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the Community Schemes Ombud Service under the guidance of the Department of Human Settlements;
- Was prepared in line with the Strategic Plan of the Community Schemes Ombud Service (as revised in November 2016); and
- Accurately reflects the performance targets which the Community Schemes Ombud Service will endeavor to achieve given the resources made available in the budget for 2017/18.

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**MR THEMBA D. MABUYA**  
**CHIEF FINANCIAL OFFICER**  
**COMMUNITY SCHEMES OMBUD SERVICE**  
**DATE:**

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**MR THEMBA P. MTHETHWA**  
**CHIEF OMBUD**  
**COMMUNITY SCHEMES OMBUD SERVICE**  
**DATE:**

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**REV. DR. VUKILE C. MEHANA**  
**CHAIRPERSON OF THE BOARD**  
**COMMUNITY SCHEMES OMBUD SERVICE**  
**DATE:**

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**HONORABLE MS. LINDIWE N. SISULU, MP**  
**MINISTER FOR HUMAN SETTLEMENTS**  
**EXECUTIVE AUTHORITY**  
**DATE:**

## **CHAIRPERSON'S FOREWORD**

It gives me great pleasure, as the Chairperson of the Board of the Community Schemes Ombud Service (CSOS), to present this Annual Performance Plan for the period 2017/18 to our Executive Authority, the Ministry and the Department of Human Settlements, represented by the Honourable Minister, Lindiwe Sisulu. These plans seek to fit into and contribute to the broader MTEF objectives, indicators and targets that are aimed at ensuring that the 1,495 million housing opportunities in quality living environments are realised through the various human settlements housing programmes by the end of the current MTEF period in 2019.

After a lot of hard research and planning work by the Ministry of Human Settlements that culminated in the appointment of the first CSOS Board and the recruitment of the Executive management, the CSOS embarked on a very firm path of set-up and operational readiness during 2014/15 financial year. A fully functional head office was established, and regional offices were set-up in three (3) provinces, namely Gauteng, KwaZulu Natal, and Western Cape. These regional offices were envisioned as operational "hubs", able to service the adjacent provinces in a manner that will provide effective accessibility of the CSOS services to community schemes nationally. The successes achieved in these initial stages were carried into the 2016/17 financial year, with effective dispute resolution activities being carried out, albeit limited to conciliation services only (no adjudication services).

There were also difficult challenges faced by the entity during 2016/17, mainly related to the activities that necessarily have to be conducted in order to complete the legislative process of Regulations approval and proclamation of the CSOS Act by the President. The original estimate for the Proclamation was the first quarter of the 2015/16 financial year. However, that target date was not met due to various process and logistical challenges that came to the fore along the way. The primary effect of these delays is that the CSOS is unable to fully operate in the dispute resolution arena, hence the limitation of current service to conciliation services for instance. The secondary effect of the delay is that the CSOS was unable to raise own funding to finance the critical programmes that the entity is tasked with delivering. The latter effect has not only resulted in the entity having to revise its current targets and associated budgets, but also having to revise the future targets and budgets that were included in the original Five Year Strategic Plan 2014/15 – 2018/19. The baselines and plans have moved so significantly away from "actuals" that a material revision of the Five Year Strategic Plan over

the remainder of this MTEF was virtually unavoidable. This APP and all future plans have accordingly been re-based.

As we present this re-based Annual Performance Plan for 2017/18 to the Ministry, it is with excitement that the legislative processes have now been completed, thus enabling the CSOS to open its doors to the eager public during 2017/18. During the public consultation process conducted between October and November 2015, the urgent and massive demand for the CSOS services in the community schemes was established beyond any doubt. With the benefit of hindsight, the challenges experienced during 2016/17 have prepared the entity well to remain alert, vigilant and flexible in its operational planning. The CSOS has also developed a fair amount of experience in the dispute resolution space over the 2015/16 and 2016/17 periods, and this will stand it in good stead to swiftly move into full operation now that the legislative processes are completed and the entity can extend to adjudication work as well.

There are no changes made to the mandate of the CSOS, so the focus in 2017/18 remains firmly on contributing meaningfully to the MTEF targets of the Department in the following areas:

- Provision of an effective dispute resolution mechanism, thus affirming the rights and obligations of owners and residents of community schemes in a manner that enhances their enjoyment in these types of human settlements;
- Provision of effective, quality training, advocacy and outreach programs to Adjudicators and Conciliators, as well as other stakeholders with interests in Community Schemes;
- Improving governance documentation in community schemes to promote acceptability and compliance by those who live in them;
- Improving neighbourly relations amongst community schemes residents, whilst sustaining the improvement of the property markets of the area; and
- Maintain best corporate governance, financial management and legal processes within CSOS, and ensuring that the entity is effective and sustainable.

These functions form the core of our plans as key strategic objectives. It is my desire and determination that, together with my fellow Board members, the Chief Ombudsman and the entire management and staff of the CSOS, as well as the unwavering support of the NDHS, we will drive towards the achievement of our mandated objectives in the most effective, efficient and expeditious

manner, and thus make a meaningful contribution to the MTSF targets of the NDHS. This, in turn, is intended to deliver a progressive improvement and enhanced quality in the living conditions of our people in the country generally.

**CHAIRPERSON OF THE BOARD  
COMMUNITY SCHEMES OMBUD SERVICE**

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## **PART A: STRATEGIC OVERVIEW**

### **1 Situational Analysis**

Following the commencement of its physical set-up in 2014/15, the CSOS has established a head office and a Regional office in Gauteng, as well as Regional offices in KwaZulu-Natal and the Western Cape. Operating out of these three Regional offices, the CSOS seeks to reach all the nine provinces of South Africa. The CSOS has offered limited services since November 2014. With the developments in the legislative process, the entity expects to be fully operational in 2017/18 and to render the full suite of dispute resolution services, as well as the other regulatory activities placed on it by its Mandate.

The environment within which CSOS will operate is complex, involving technical requirements, legal processes and procedures to be complied with in developing various types of community schemes, i.e. sectional title schemes, homeowners associations, share-block companies and housing schemes for retired persons. Given the complex legal compliance regimes, there is an acute lack of understanding of rights and responsibilities by owners and occupiers within community schemes. The education of owners and/or residents on the rights and responsibilities of community schemes living is thus another critical function within the CSOS mandate to deliver. Furthermore, there is currently no comprehensive database on community schemes in South Africa, and thus no record of their governance documentation and their management agents. Considering the established fact that South Africa has the fourth highest concentration of community schemes in the world, as well as the size of the population currently living in community schemes in the country, this is a huge informational and regulatory “black hole” for the government. In order to address this matter, the CSOS thus carries in its mandate the following objectives:

- Taking custody of governance documentation and establishing a central repository thereof,
- Registration of community schemes and building a central database thereof,
- Reviewing, improving the quality and standardising the governance documentation,
- Taking measures to generally promote good governance in sectional titles and other community schemes, and
- Providing widespread education and/or training to current and potential owners, residents and other stakeholders, as well as Conciliators and Adjudicators in the property industry.

The CSOS will thus make these services available to all South African community schemes per the mandate during 2017/18 for the first time. This year thus marks a very important milestone for the CSOS, having navigated the difficult path of organizational set-up successfully.

#### **1.1 Performance Environment**

##### **1.1.1 The Political Environment**

Politically, the CSOS is accountable to the Minister for Human Settlements. The CSOS will report regularly to the Minister on progress made in implementing its mandate. Periodic reports will be tabled before Parliament as is required in terms of the PFMA, and by the instruction of the Parliamentary Portfolio Committee on Human Settlements.

The CSOS Act empowers the organisation to create orderly and well-managed community schemes. This will be carried out by resolving disputes amongst the parties, administration of schemes governance documentation and providing regular training and education to all stakeholders. Fostering inter-relationships between the CSOS and various community schemes is critical.

The institution is, therefore, a contributor to the Outcome 8 objective of the MTEF, on its way to the achievement of the 2030 Human Settlements Vision, as articulated in the National Development Plan.

### **1.1.2 The Economic Environment**

CSOS Dispute Resolution Model in Figure 1 shall be implemented in a manner that caters for applicants for dispute resolution whilst not oblivious to economic trends and the interest of affected community schemes. The principle of affordability of the dispute resolution services is key to the establishment of this entity. Various funding sources will be employed to enable the organisation to be self-sustainable, but in a manner that ensures that the incidence of the cost is minimised on the beneficiaries of the service. These include amongst others, grants appropriated by Parliament, levies payable by community schemes, services charges and charges on accessing schemes governance documentation.

The CSOS operations will be aligned with good corporate governance principles. The principle of fairness, without favour, shall be applied to all parties cited in the dispute.

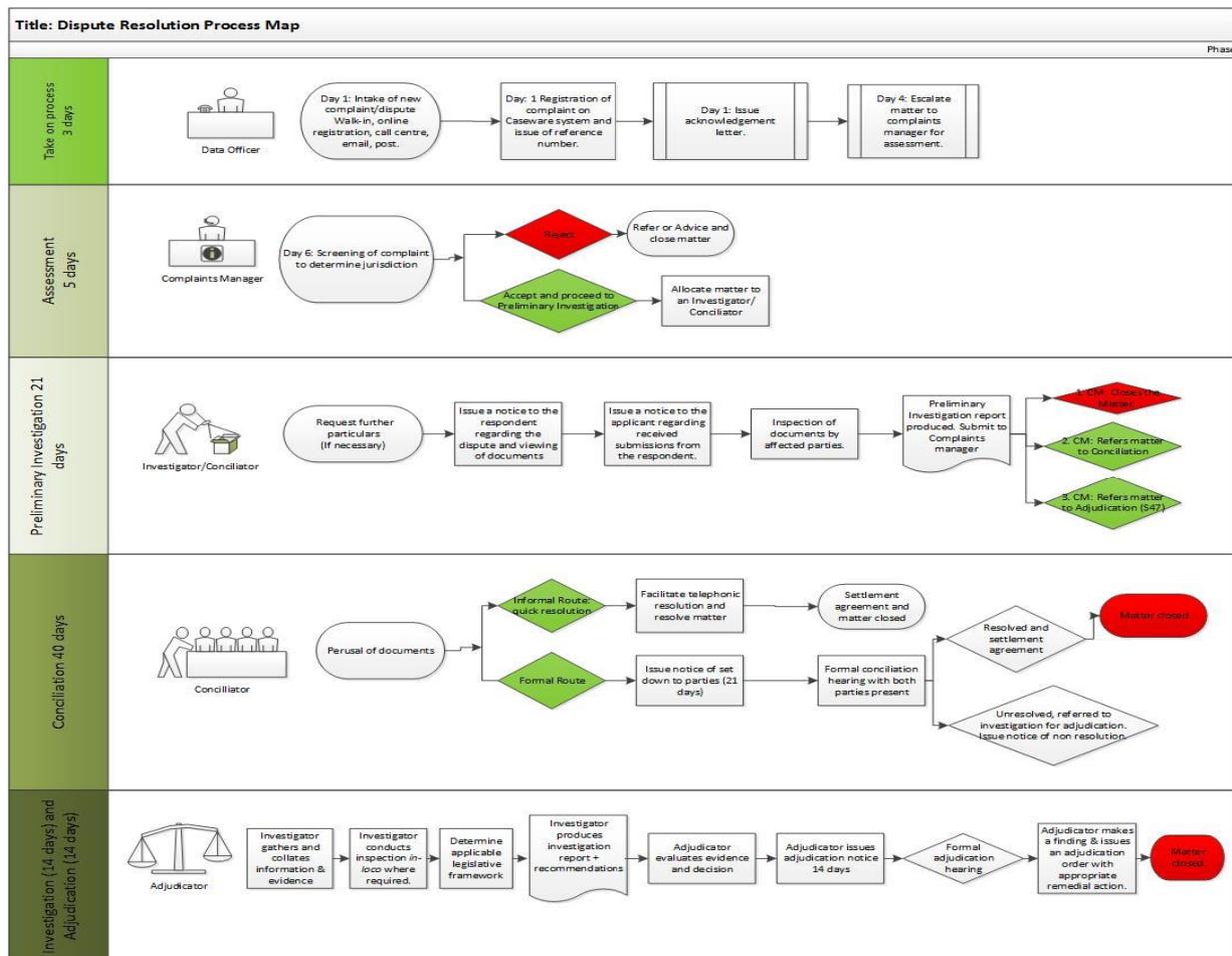


Figure 1: CSOS Dispute Resolution Model

### 1.1.3 The Social Environment

South Africa currently holds the fourth largest number of community schemes in the world. The rapid growth of community scheme living in South Africa is a sure sign of migration trends, as more and more people flock to the large urban centres of the country in search of economic - work and business - opportunities. The scarcity of land in urban centres, the cooling of resources by families and acquaintances, security concerns, and convenience of community schemes locations, are social factors that have contributed to this form of tenure, and it is likely that this growth trend will continue rather than abate.

Through its dispute resolution service and the promotion of good governance, CSOS will maintain stability and harmonious relations between the parties within community schemes. Harmonious social relations amongst parties within the community schemes are of utmost importance as they co-own and co-govern the community scheme.

### 1.1.4 The Technological Environment

The technological environment presents a perfect opportunity for the CSOS to tap from best-case scenarios. Appropriate technological case management and customer relationship

management, as well as an integrated ERP system and capabilities, will be implemented by the organisation to effectively discharge its mandate.

Data and information will, from time to time, be gathered, collated and captured in a developed CSOS database. That database will form the cornerstone in capturing and delivering technology to be adopted and utilized by the entity when performing its mandate which includes taking custody of schemes documentation and providing access to that information to the public. CSOS information and communications technology (ICT) will be compatible with public and private sector entities' ICT systems that it will be interacting with in implementing its mandate. The existing ICT of the modern world can, therefore, be used by the CSOS as a planning and a service delivery enabler.

#### **1.1.5 CSOS Operating in a Generally Complex Environment**

It is acknowledged that CSOS is venturing in a highly complex environment, in that it is expected to deal with highly experienced and exposed community schemes when investigating, conciliating and adjudicating, as well as conducting its education and training programmes in the public space.

## 1.2 Organisational Environment

### 1.2.1 The CSOS Board of Directors

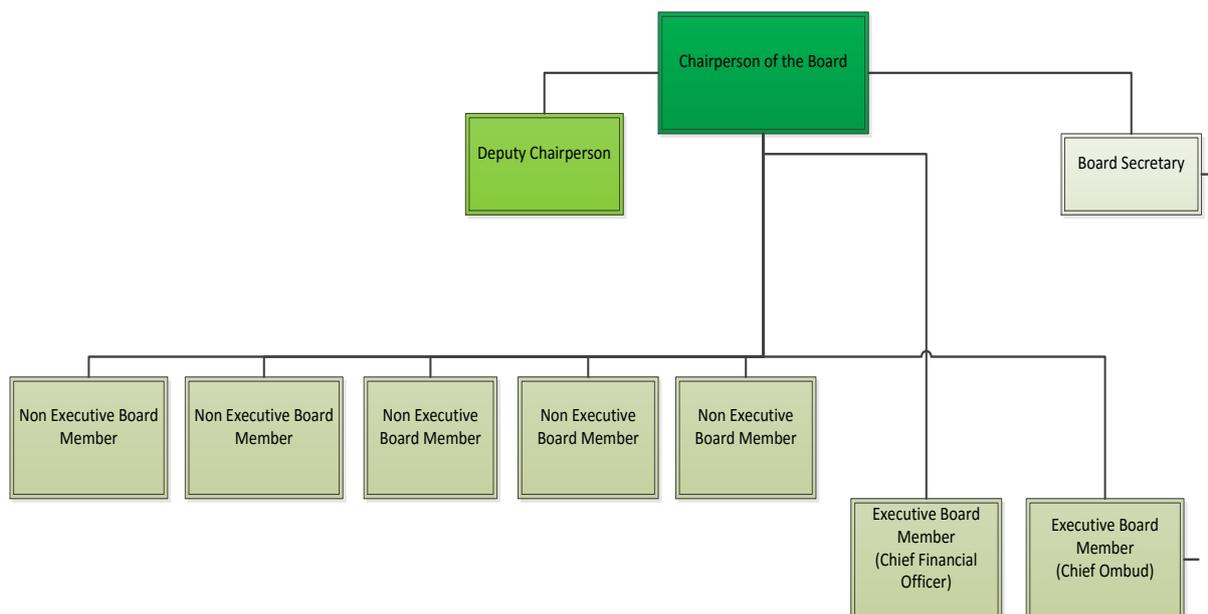


Figure 2: CSOS Board structure

The CSOS Board of Directors consists of seven (7) non-executive members and two (2) executive members i.e. the Chief Ombud and the Chief Financial Officer (see Figure 2) above. The Minister appoints the non-executive members including the Chairperson and the Deputy-Chairperson. The non-executive members hold office for a term not exceeding three (3) years. However, any non-executive member of the Board may be re-appointed but may not serve for more than two (2) consecutive terms. The non-executive members are appointed on a part-time basis and receive allowances as determined by the Minister from time to time in consultation with the Minister of Finance as required by Section 7(7) (d) of the CSOS Act, No. 9 of 2011.

The Board is representative in terms of race, gender and geographic spread. Its skills profile and experience include financial management, risk management, dispute resolution in community schemes, public education and training, management of community schemes and compliance and law.

The roles and responsibilities of CSOS Board include the following:

- Giving effect to the strategy of CSOS to achieve its strategic objectives;
- Executing accounting authority to the organisation;
- Providing strategic guidance and direction to the organisation; and
- Reporting to the Minister on progress made in achieving the mandate of CSOS.

The role of the Chairperson of the Board is to Chair Board meetings with the objective:

- To create and maintain a harmonious interactive environment within the board and between the Board and the organisation; and
- To coordinate interactions with the Minister.

The role of the Deputy Chairperson is to assume all responsibilities of the Chairperson in the absence of the Chairperson and may chair other Committees as assigned by the Board.

The role of other Board members is to chair Committees as assigned by the Board and to perform any delegated task.

### **1.2.2 CSOS Board Committees**

To comply with corporate governance principles, CSOS has establish the following Board Committees (Figures 3 – 6):

- Human Resources and Remuneration Committee;
- Audit, Risk and Ethics Committee;
- Adjudication, Regulations and Registrations Committee; and
- Finance Committee.

The Board shall assign its members to serve on these Committees on the basis of their knowledge and skills. The Board must determine:

- Each Committee's terms of reference;
- Composition;
- Report mechanisms; and
- That non-executive members must make-up the majority of a Committee.

A Committee may appoint specialists to the Committee on the basis of their technical skills and abilities. Each Committee must make recommendations to the Board for approval. Each Committee must have a special relationship with the Office of the Chief Ombud.

### 1.2.3 Human Resources and Remuneration Committee

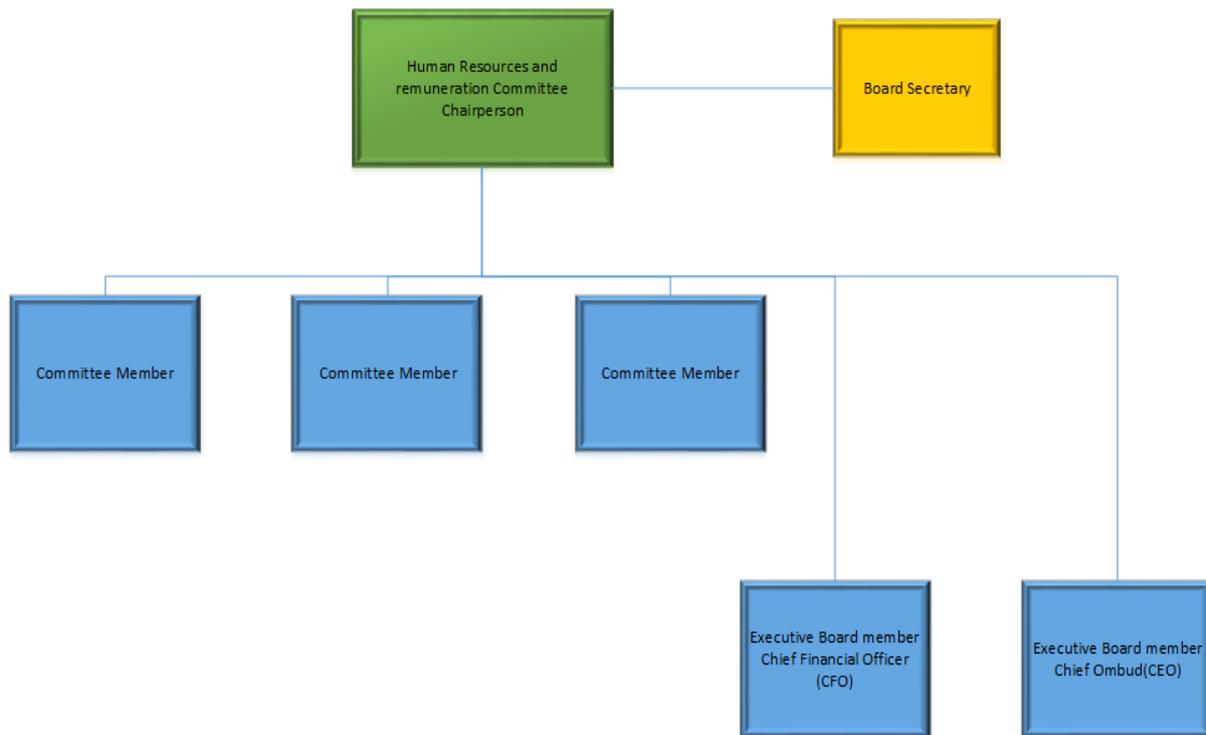


Figure 3: Human Resources and Remuneration Committee

#### The Functions of the Human Resources and Remuneration Committee are:

- To ensure the organisation's financial and economic viability through the application of appropriate human resource systems and controls;
- To facilitate the development and implementation of best human resources practices, employment equity, skills development and employee relations to ensure efficient and effective delivery of services;
- To determine the remuneration policy in accordance with job grading and job evaluation system;
- To ensure organisational and individual performance through the application of performance and monitoring systems;
- To facilitate the development and implementation of a viable human resource funding model;
- To review and recommend any significant expenditure for approval to the board;
- To review and recommend any significant human capital expenditure programme;
- To review and recommend the HR budget for approval by the board; and
- To review and recommend policies for approval by the board.

#### 1.2.4 Audit, Risk and Ethics Committee

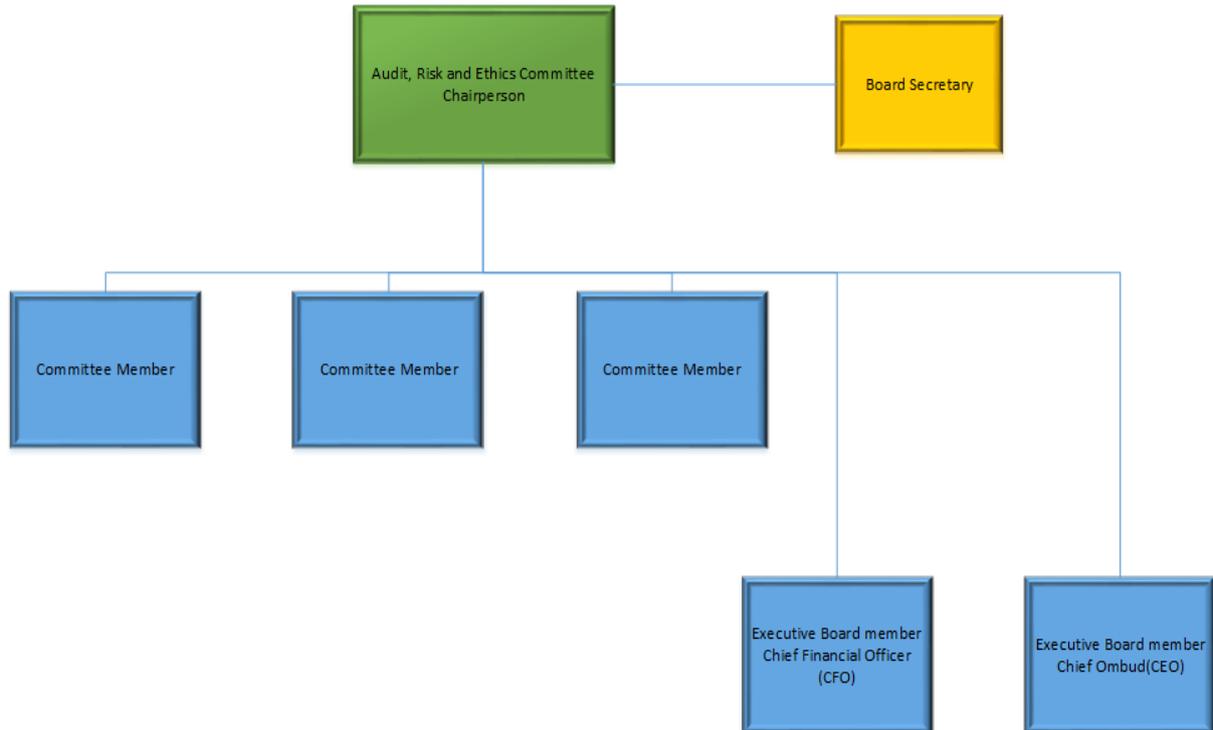


Figure 4: Audit, Risk and Finance Ethics Committee (Audit Committee)

#### Functions of the Audit Committee are:

- To create a conducive working environment for the undertaking of the audit function;
- To manage and mitigate risk by facilitating the development and implementation of appropriate systems and controls;
- To ensure organisational compliance with applicable laws and regulatory frameworks; and
- To monitor implementation of the audit plan, risk management plan and fraud prevention plan;
- To ensure the implementation and adherence to CSOS values and promote ethical behaviour;
- To act as a channel of communication between the CSOS Board, management and the Internal and External Auditors.

### 1.2.5 Adjudication, Regulations and Registrations Commit

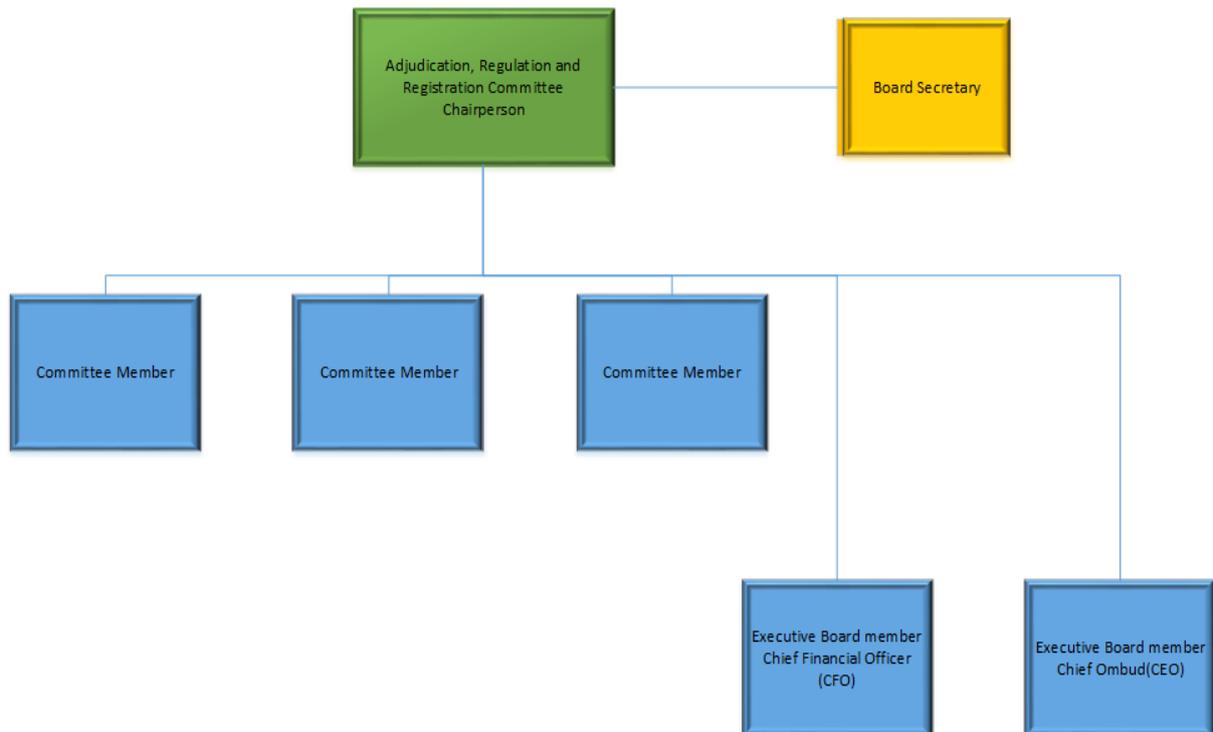


Figure 5: CSOS Adjudication and Governance Committee

#### Functions of the Adjudication and Governance Committee are:

- To assist the Board to discharge its responsibility relating to the governance of community schemes and the adjudication of community scheme dispute;
- To develop and implement guidelines for the promotion of good governance of community schemes;
- To co-ordinate dispute resolution services;
- To co-ordinate the conducting of research and monitoring and evaluation of the activities of the organisation to assess its impact; and
- To coordinate the provisioning of general legal advice and contract management and administration.

### 1.2.6 Finance Committee

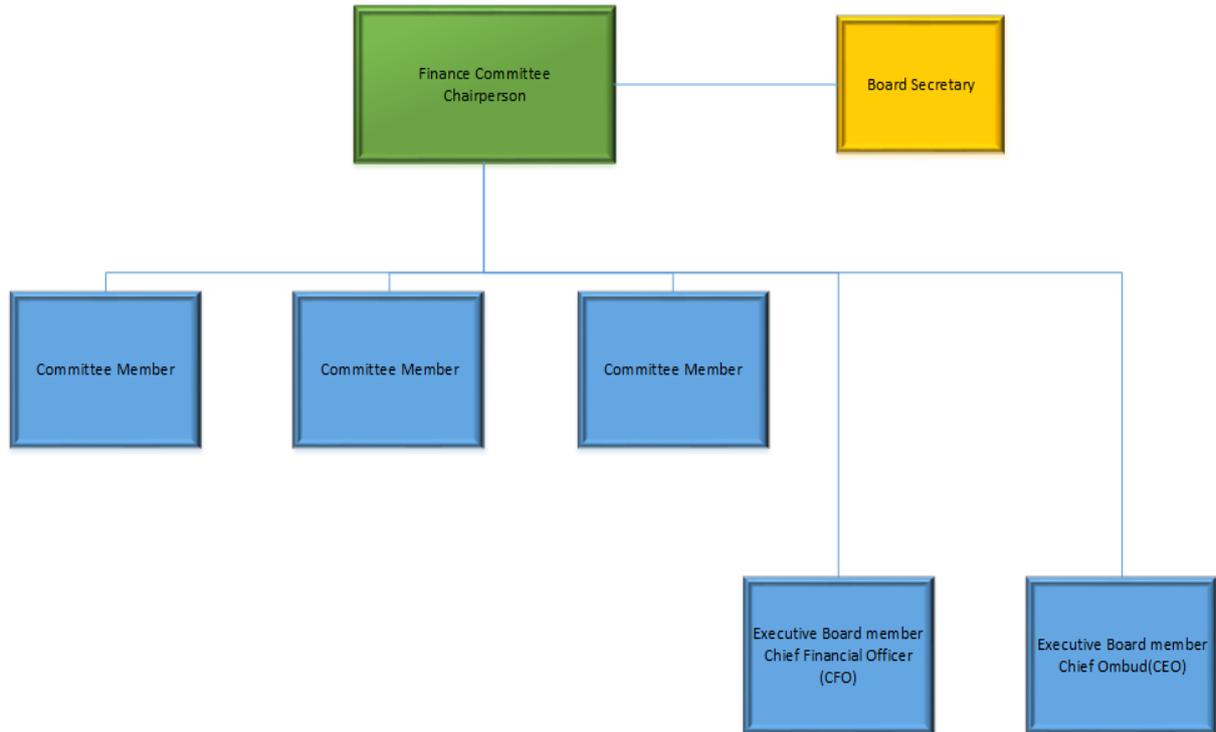


Figure 6: CSOS Finance Committee

#### Functions of the Finance Committee are:

- Review management's plans to manage the service's exposure to financial risk.
- Review the CSOS' cash plan, balance sheet, and budget allocation.
- Review the CSOS' capital allocation strategy, including the cost of capital.
- Recommend investment actions to the Board of Directors.
- Review the CSOS's investment strategy, financial performance and funding.

### 1.2.7 CSOS Executive Management Committee (EXCO)

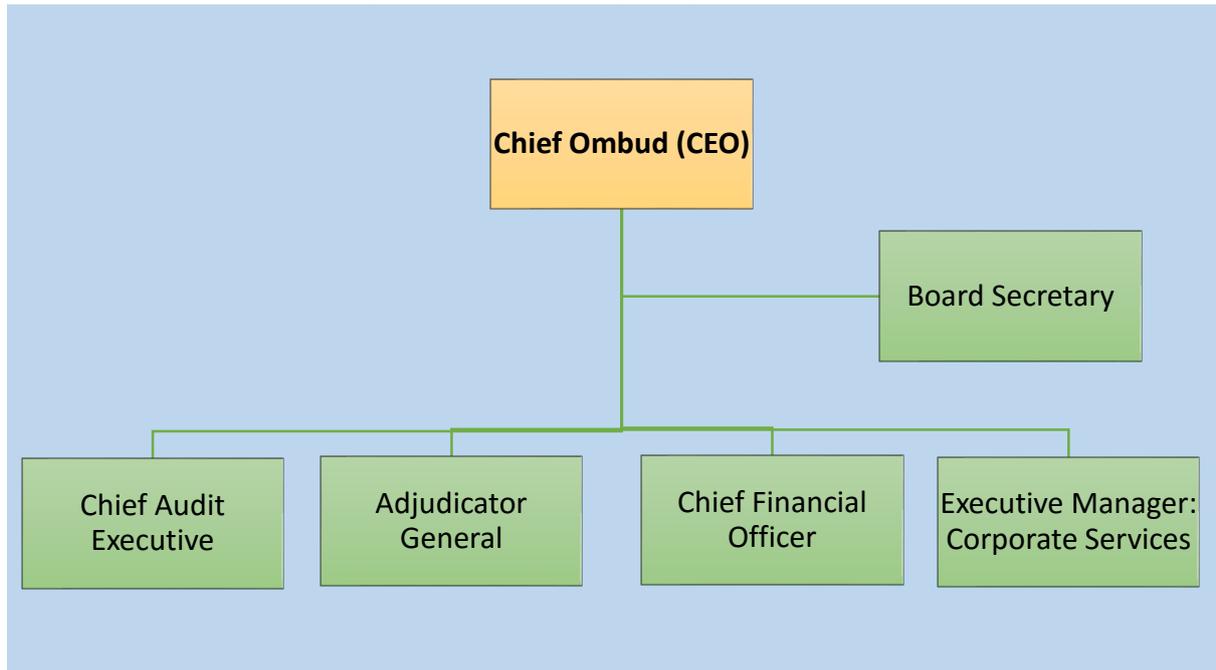


Figure 7: CSOS Executive Management Committee (EXCO)

#### The functions and purpose of the EXCO are:

- To facilitate the development and implementation of an organisational strategy supported by strategic business units and operational plans;
- To lead, plan, coordinate, manage and control the operations of the organisation;
- To facilitate the development and implementation of appropriate financial systems and controls to improve financial prudence and accountability; and
- To facilitate the development and implementation of appropriate human resources management and development practices, processes and procedures to enhance excellence and equity.

#### Role of the Chief Ombud

- The Chief Ombud is accountable to the Board through the Chairperson;
- To provide overall leadership, guidance and direction to the organisation to deliver on its mandate;
- To execute and implement the CSOS strategy supported by strategic business units, operational and individual performance plans. Ensure financial viability and efficacy of CSOS.

Ensure organisational efficacy of CSOS and manage the public affairs and positively profile CSOS;

- To develop and implement strategic performance plans, risk management plans, audit plans and fraud prevention plans for the organisation;
- Develop/Improve/ Implement the overall CSOS Performance Management System;
- To develop and implement appropriate financial and human resources policies, processes and procedures to promote organisational, economic and financial performance;
- Ensure the operational delivery of the CSOS programmes;
- To regularly submit/present reports to NDHS/Parliamentary Committee/s; and
- To chair EXCO (a reference to Figure 7 above) and present organizational reporting to the Board, including attending to State matters as per the Board's Delegation of Authority.

## **1.2.8 CSOS Functional Divisions and Units**

### **1.2.7.1. Internal Audit**

The Purpose and Functions of the Internal Audit division are:

- Develops and implements the three-year rolling CSOS Audit Plans;
- Conducts internal audits in accordance with the standards set by the Institute of Internal Auditors;
- Has explicit authority to investigate matters within its powers as identified in a written terms of reference;
- Reports to the Audit Committee issues affecting the entire CSOS;
- Evaluates and improves the effectiveness of risk management processes and controls, including areas likely to open CSOS to fraud and corruption; and
- Timely engages with CSOS Board appointed external auditors and documentation.

### **1.2.7.2. Adjudication and governance services**

The Purpose and Functions of the Adjudication/Governance Services and Regional Ombud offices are:

- To develop and implement guidelines for the promotion of good governance of community schemes;
- To co-ordinate dispute resolution services;

- To co-ordinate the conducting of research and monitoring and evaluation of the activities of the organisation to assess its impact; and
- To coordinate the provisioning of general legal advice and contract management and administration.
- The Regional Ombud will perform the following tasks:
  - Operate in line with the CSOS overall strategic thrusts and programmes;
  - Operate with necessary budget – with timely prepared and submitted operational plans for each Regional Ombud Office;
  - It is adequately staffed and resourced to attend to basic tasks as espoused in CSOS strategic documents;
  - Regularly report on performance trends depicted in CSOS strategic documents and/or mandate; and
  - Regularly participates in EXCO activities and those of the Board Committees as and when necessary to do so.
  - To provide overall leadership, administration and management of the affairs of Regional Offices.
  - Staff performance assessments.
  - Regularly report on performance trends depicted in CSOS strategic documents and/or mandate.
  - Ensure accurate and safekeeping of records in their Regional Offices.
  - Stakeholder management.
  - Creation of awareness and public participation.
  - Provide support services in Regions where Ombud services are not yet established;

Each Ombud Office is assigned specific responsibility to perform within the province where they are located and deal directly with matters arising out of provinces that are without Ombud Offices. Information sourced from sub-regional areas will be documented in a manner that will assist CSOS in motivating for the establishment of other Regional Offices, including costed models and institutional arrangements.

### **1.2.7.3. Chief Financial Officer**

The Purpose and Functions of the Chief Financial Officer division are:

- To develop and implement systems, controls and measures and policies to promote prudent and accountable financial and accounting management practices and procedures;
- To develop and implement appropriate supply chain management policies, processes and procedures to promote fair and competitive bidding process; and
- To enhance prudent budget planning and control systems, processes and practices; and financial compliance and reporting.
- IT and ICT functional management
  - Develop and align ICT strategy to CSOS business strategy and implement
  - Systems deployment and support
  - ICT related project management
  - Identify and mitigate ICT related risk and ensure good governance of ICT resources
  - ICT policies development and implementation

#### **1.2.7.4. Executive Manager: Corporate Services**

The Purpose and Functions of the Corporate Services division are:

- Human Resource Management and Development
  - Skills audit, personnel training and development
  - HR Planning
  - Labour matters and related compliance
  - Staff assessments
  - Organisational development and related evaluations
- Communications and Marketing
  - Internal and external communication
  - Marketing of CSOS products and services
  - Creation of awareness and public participation
  - Stakeholder communication and engagement
- Facilities functional management

## **2. Revisions to legislative and other mandates**

The Community Schemes Ombud Service Act, 2011 (Act No 9. of 2011) and the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011), were proclaimed on 07 October 2016.

This means that CSOS became officially and legally operational. Other Primary legislations that applies to CSOS are as follows:

- Public Finance Management Act, 1999 (Act No 1 of 1999)
- Sectional Titles Act, 1986 (Act No 95 of 1986)
- Share Blocks Control Act, 1980 (Act No. 59 of 1980)
- Housing Development Schemes For Retired Persons Act, 1988 (Act No 65 of 1988)
- South African Co-operatives Act, 2005 (Act No. 14 of 2005)

### 3. Overview of the 2017/18 budget and MTEF estimates

#### 3.1. Expenditure estimates by Programme

EXPENSES BY PROGRAMME	ACTUAL	Current Budget	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2017/18	2018/19	2019/20
Administration	R 41,001,051	R 24,757,702	R 17,289,000	R 17,289,000	R 18,229	R 19,083
Regulation	R 13,336,000	R 0	R 17,469,000	R 17,469,000	R 18,867	R 20,376
Education and Training	R 3,767,169	R 0	R 4,845,000	R 4,845,000	R 5,232	R 5,651

Table 1: Programme Expenditure Split

### 3.2. The Income streams, including the charges to the National Revenue Fund

Income Streams	Actual - audited	Actual - unaudited	Latest Estimate	BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	<b>41,034,000</b>	<b>70,261,220</b>	<b>40,468,000</b>	<b>39,603,000</b>	<b>42,328,000</b>	<b>45,110,000</b>
Government Grant	40,000,000	39,521,000	23,920,000	29,400,000	31,105,000	32,847,000
CSOS Levy Income			0	8,500,000	9,350,000	10,285,000
CSOS Documentation Fees			0	0	0	0
CSOS Service Fees			0	0	0	0
Interest Income	1,018,000	1,407,220	1,548,000	1,703,000	1,873,000	1,978,000
Budget Commitments from Prior Year		28,993,000		0	0	0
Other Income	16,000	340,000	15,000,000	0	0	0

Table 2: CSOS Revenue Estimates

### 3.3. Expenditure trends related to strategic outcomes

The 2017/18 expenditure splits per the CSOS strategic objectives are shown below:

SO1: Provide a Dispute Resolution service for Community Schemes in South Africa: R 17 469 000

SO2: Take custody and control of Community Schemes' governance documentation: R 4 845 000

SO3: Ensure that the CSOS is an efficient, effective and sustainable organisation: R 17 289 000

SO4: Promote good governance in Sectional Titles and other Community Schemes: R 0

SO5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa: R 0

#### PART B: PROGRAMME AND SUBPROGRAMME PLANS

#### The CSOS Strategic Objectives (SO) are as follows:

SO1: Provide a Dispute Resolution service for Community Schemes in South Africa

SO2: Take custody and control of Community Schemes' governance documentation

SO3: Ensure that the CSOS is an efficient, effective and sustainable organisation

SO4: Promote good governance in Sectional Titles and other Community Schemes

SO5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

The CSOS Strategic Objectives have all been classified under the Administration Programme of the Department of Human Settlements. Internally, the CSOS executes the Strategic Objectives under 3 sub-programmes as shown below:

**Table 3: Sub-Programme classification of Strategic Objectives**

<b>SUB-PROGRAMME</b>	<b>CSOS STRATEGIC OBJECTIVE</b>
Operational efficiency and Effectiveness	SO3
Regulatory Activities	SO1, SO2, SO4
Education and Training activities	SO5

#### **4. Programmes, Performance Indicators, Budgets, Quarterly target information**

##### **SUB-PROGRAMME: REGULATORY ACTIVITIES**

**STRATEGIC OBJECTIVE 1: Provide a Dispute Resolution service for Community Schemes in South Africa**

##### **PURPOSE:**

- Provide Schemes Dispute Resolution services to all Community Schemes in South Africa
- Maintain an effective, professional, and transparent dispute resolution service

**Table 4 :Strategic Objectives Annual targets - SO1**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Provide a Dispute Resolution service for Community Schemes in South Africa	Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model	Dispute resolution model developed	600 Disputes resolved through Conciliation within 40 days for 80% of cases received	600 Disputes resolved through conciliation at specified service levels per DR model.	600 Disputes resolved at specified service levels per DR model.	Review the DR model. 700 Disputes Resolved at specified service levels per DR model	800 Dispute resolved at specified service levels per DR model
<b>BUDGET INFORMATION</b>							
	• Adjudicators and Conciliators (Part-time services)	n/a	n/a	n/a	R 0*	R 0	R 0

\* Maily conciliation services can be offered for this planning period as these are conducted by internal employees. Adjudication services will require a budget for the appointment of a panel of adjudicators as there is only one internally employed Adjudicator.

Quarterly Targets.

**Table 5: Quarterly Target Information SO1**

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4th
Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model	Quarterly	600 Dispute resolved at specified service levels per DR model	150	150	150	150

**SUB-PROGRAMME: REGULATORY ACTIVITIES**

**STRATEGIC OBJECTIVE 2: Take custody and control of Community Schemes' Governance Documentation**

**PURPOSE:**

- Record and create a database of all existing schemes governance documentations as received from the community schemes.
- Provide quality assurance to the schemes governance documentation lodged with CSOS.
- Implement a schemes governance records management and documentation system.
- Ensuring that the documentation is adequately secured, protected and easily accessible in a cost-effective manner.

**Table 6 :Strategic Objectives Annual targets – SO2**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Take custody and control of Community Schemes' governance documentation	Database of all community schemes governance documentation	Draft Memorandum of Understanding with the Department of Rural Development and Land Reform (DRDLR)	MoU between Ministries (DRDLR / Department of Human Settlements (DHS) finalised	MoU between entities (CSOS/DRDLR) is signed	40 000 governance documentation recorded on the database	60 000 governance documentation recorded on the database	80 000 governance documentation recorded on the database
	Certificate issued for community schemes governance documentation that has been quality assured	Activity not yet commenced	Activity not yet commenced	Activity not yet commenced	40 000 Certificate issued for community schemes governance documentation that has been quality assured	60 000 Certificate issued for community schemes governance documentation that has been quality assured	80 000 Certificate issued for community schemes governance documentation that has been quality assured
<b>BUDGET INFORMATION</b>							

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
• Document transfer, storage and retrieval			0	R0	R0**	R 0	R 0

Table 7 : Quarterly Target Information SO2

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4th
MoU completion, Documentation Migration, data clean-up, and storage	Quarterly	40 000 governance documentation recorded on the database	10 000 governance documentation recorded on the database	10 000 governance documentation recorded on the database	10 000 governance documentation recorded on the database	10 000 governance documentation recorded on the database

			1st	2nd	3rd	4th
Certificate issued for community schemes governance documentation that has been quality assured	Quarterly	40 000 Certificate issued for community schemes governance documentation that has been quality assured	10 000 certificates issued to Community Schemes that have been quality assured	10 000 certificates issued to Community Schemes that have been quality assured	10 000 certificates issued to Community Schemes that have been quality assured	10 000 certificates issued to Community Schemes that have been quality assured

**PROGRAMME: ADMINISTRATION**

**STRATEGIC OBJECTIVE 3: Ensure that the CSOS is an efficient, effective and sustainable organisation**

**PURPOSE:**

- To ensure that the CSOS is relevant, trusted, compliant and circumspect with the use of public funds, and generates sufficient and sustainable own income through its funding models.

- To ensure that the provisioning of goods and services is done in a compliant, fair and transparent manner.
- To ensure that the assets of the organization are properly managed and safeguarded.
- To provide for early identification of risks and management thereof.
- To provide effective Board oversight, and Management and Administrative processes and reporting.
- To maintain an adequate human capital capability to effectively execute the mandate of the CSOS.
- To provision and maintenance of information technology (IT) required in order for the CSOS to deliver on its mandate effectively and efficiently.

**Table 8 :Strategic Objectives Annual targets – SO3**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Ensure that the CSOS is an efficient, effective and sustainable organisation	Number of functional facilities available and accessible to members of the public, to deliver the CSOS services, at a high level of effectiveness	Established Head Office	3 Regional offices established (Gauteng, Kwa-Zulu Natal and Western Cape as Hub offices for all Provinces)	Review the adequacy of the existing operating model (policies, processes, and procedures)	Establish viable CSOS points of presence in 3 provinces	Establish viable CSOS points of presence in 3 provinces	Establish viable CSOS points of presence in 3 provinces
	Developed and approved Revenue Management model	Dispute Resolution Funding model drafted	Development of the CSOS Funding model (including the Dispute Resolution Levy, Documentation Fee structure, and Service Fee)	Drafted and Board approved Revenue Management Framework	Implemented Revenue Management Model in Collections and Investments arrangement	Review the Revenue Management Model	Review the Revenue Management Model

<b>BUDGET INFORMATION</b>							
<b>Strategic Objective</b>	<b>Key Performance Indicators</b>	<b>BUDGET ELEMENTS</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Ensure that the CSOS is an efficient, effective and sustainable organisation	Number of functional facilities available and accessible to members of the public, to deliver the CSOS services	<ul style="list-style-type: none"> <li>• Building rentals</li> <li>• Office Equipment leases</li> <li>• Infrastructure</li> </ul>	3 Regional offices established (Gauteng, Kwa-Zulu Natal and Western Cape as Hub offices for all Provinces)  <b>R3 286 183</b>	Review the adequacy of the existing operating model (policies, processes, and procedures)  <b>Approved Budget: R 2 432 476</b> <b>Est. Budget: R3 432 746</b>	Establish viable CSOS points of presence in 3 provinces	Establish viable CSOS points of presence in 3 provinces	Establish viable CSOS satellite offices
	Implemented CSOS Funding Model	Drafting is done wholly by internal existing staff	Development of the CSOS Funding model (including the Dispute Resolution Levy, Documentation Fee	Drafted and Board approved Revenue Management Framework			

**Table 9 : Quarterly Target Information SO3**

Key Performance Indicators	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4th
Number of functional facilities available and accessible to members of the public, to deliver the CSOS services, at a high level of effectiveness	Quarterly	Establish viable CSOS points of presence in 3 provinces	Document the comprehensive entity business model	Business model approved (by EXCO)	Review the PPPs (Policies, Processes and Procedures ) for adequacy, and identify exceptions	No new activity in the quarter
Implemented CSOS Funding Model	Quarterly	Implemented Revenue Management Model in Collections and Investments arrangement	Drafted Revenue Management Frameworks	Finalise and submit Revenue Management Frameworks	Approved Revenue Management Frameworks	Implement the Revenue Frameworks (where practical)

**PROGRAMME: REGULATION**

**STRATEGIC OBJECTIVES 4: Promote good governance in Sectional Titles and other community schemes**

**PURPOSE:**

- Ensure the registration of all Community Schemes in South Africa
- Manage the Advisory Panel established in terms of the STSM Act

**Table 10 : Strategic Objectives Annual targets – SO4**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Promote good governance in Sectional Titles and other Community Schemes	Schemes governance documentation frameworks developed	Activity not yet commenced	Activity to commence in 2016/17	Develop a review strategy/framework for Community Schemes governance documentation	No further activity	Review the strategy/framework for community schemes governance documentation	No further activity
	Established database of community schemes, and their Management Agencies	Activity is not yet commenced, planned for 2015/16	Develop the forms, templates records management framework to register and maintain records of Community Schemes and their management agents	50 000 community schemes and their managing agents registered in the database	50 000 community schemes and their managing agents registered in the database	70 000 community schemes and their managing agents registered in the database	80 000 community schemes and their managing agents registered in the database

<b>BUDGET INFORMATION</b>							
• Creation of database for Community Schemes		R 0		<b>R1 200 000 **</b>	R0	R0	R0
• Inspection costs		R0		<b>R35 000 **</b>	R0	R0	R0

**Table 11 : Quarterly Target Information SO4**

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Community schemes and their managing agents registered in the database	Quarterly	50 000 community schemes and their managing agents registered in the database	13 000 community schemes and their managing agents registered in the database	13000 community schemes and their managing agents registered in the database	12 000 community schemes and their managing agents registered in the database	12 000 community schemes and their managing agents registered in the database

### **SUB-PROGRAMME: EDUCATION AND TRAINING**

**STRATEGIC OBJECTIVES 5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa**

#### **PURPOSE:**

- Expose a range of housing consumers to consumer education
- Conduct training and education to Adjudicators, Conciliators, and other stakeholders
- Conduct broad-based education programmes on the rights and responsibilities that come with living within a Community Scheme to owners, residents and potential new home owners

**Table 12 : Strategic Objectives Annual targets – SO5**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa	Number of consumer awareness campaigns	Activity not yet commenced	1 consumer awareness campaign (Regulations public awareness)	2 consumer awareness campaigns	12 consumer awareness campaigns (Radio, Print, Online and TV)	24 consumer awareness campaigns	30 consumer awareness campaigns

<b>BUDGET INFORMATION</b>							
Consumer campaigns	awareness	0	R1 001 764	1 200 000	R 0	R0	R0

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Number of consumer awareness campaigns	Quarterly	12 consumer awareness campaigns	3 consumer awareness campaign			

Table 13 : Quarterly Targets Information – SO5

## PART C: LINKS TO OTHER PLANS

### 5. CSOS Links to other plans

The CSOS does not link directly to any housing delivery plans. However, for purposes of delivering its own services, a number of capitalisable items are required. These are summarised in their classification below.

Table 14 : Strategic Objectives Annual targets – SO5

Capital Goods	Actual - audited	Actual - unaudited	Latest Estimate	BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	1,864,000	12,157,000	0	0	0	0
Furniture and Fittings (incl. Leasehold improvements)	554,000	1,002,000	0	0	0	0
Computer Equipment	895,000	6,723,000	0	0	0	0
Office Machinery and Equipment	245,000	0	0	0	0	0
Computer Software	170,000	4,432,000	0	0	0	0
Motor Vehicles		0	0	0	0	0

# **ANNEXURES**

## **ANNEXURE A: Planning Context**

### **6. Mandate**

#### **6.1. Purpose of the CSOS Act**

The Purpose of the CSOS Act is to provide:

- (a) The establishment of the CSOS
- (b) The functions, operations and governance of the CSOS; and
- (c) A dispute resolution mechanism in community schemes.

#### **6.2. Establishment of CSOS**

- Section 3 (1) of the CSOS Act states “there is hereby established a juristic person to be known as the Community Schemes Ombud Service”;
- Section 3 (2) of the Act states that the CSOS operates as a national public entity listed in terms of the Public Finance Management Act (PFMA) with its executive authority vested in the Minister;
- Section 3(4) states that the provisions of the PFMA apply to CSOS.

#### **6.3. Functions of CSOS**

##### **6.3.1. Section 4 (1) provides that the CSOS must:**

- (a) Develop and provide a dispute resolution service in terms of the CSOS Act;
- (b) Provide training for conciliators, adjudicators and other employees of the CSOS;
- (c) Regulate, monitor and control the quality of schemes governance; and
- (d) Take custody of, preserve and provide public access electronically or by other means to the scheme governance documentation.

##### **6.3.2. Section 4 (2) provides that in performing its functions the CSOS:**

- (a) Must promote good governance of community schemes;
- (b) Must provide education, information, documentation and such services as may be required to raise awareness to owners, occupiers, executive committees and other

persons or entities who have rights and obligations in community schemes, as regards those rights and obligations;

- (c) May generally, deal with any such matters as may be necessary to give effect to the objectives of this Act.

## **7. Vision**

To provide a world class dispute resolution service within community schemes.

## **8. Mission**

To facilitate and maintain a world-class dispute resolution service to promote good governance of community schemes by providing education and training to all relevant stakeholders.

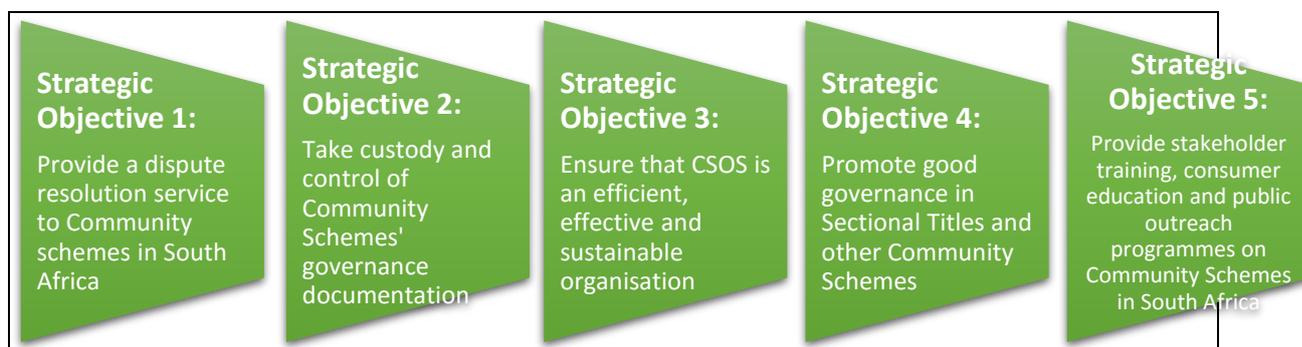
## **9. Strategic intent**

To enhance vibrant community schemes as an alternative tenure option for most citizens within South Africa.

## **10.Values**

- Service Excellence: The CSOS will provide the best dispute resolution services to its clients in a timely and responsive manner.
- Independence: The CSOS will act independently and objectively in the undertaking of its activities.
- Transparency: The CSOS will execute its functions in an open and transparent manner and ensures that it is easily accessible to its clients.
- Integrity: The CSOS will strive to execute its functions in an honest, ethical, transparent and reliable manner.
- Innovation: The CSOS will strive to apply innovative capabilities to improve its service delivery.
- Fairness: The CSOS will make decisions in a fair and impartial manner.

## 11. CSOS Strategic Objectives



*Fig: CSOS Strategic Objectives (SOs)*

**Table 2: Budget Programmes**

PROGRAMME	DESCRIPTION
Administration	<ul style="list-style-type: none"> <li>Ensure that CSOS is an efficient, effective and sustainable organisation</li> </ul>
Regulation	<ul style="list-style-type: none"> <li>Provide a dispute resolution service to Community schemes in South Africa</li> <li>Take custody and control of Community Schemes' governance documentation</li> <li>Promote good governance in Sectional Titles and other Community Schemes</li> </ul>
Education and Training	<ul style="list-style-type: none"> <li>Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa</li> </ul>

## **ANNEXURE B: Technical Indicators**

### **SO1: Provide a Dispute Resolution service for Community Schemes in South Africa**

<b>Indicator title</b>	<b>Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model</b>
Short definition	Dispute resolution
Purpose/ Importance	The dispute resolution avenue of conciliation is the most amicable and for that reason the CSOS shall endeavour to resolve the majority of disputes through that channel so as to maximise harmony and promote peaceful coexistence in community schemes
Source / collection of data	Case resolution reports
Method of calculation	Approved EXCO reports on the cases resolved through this channel. Count number of cases settled in the records
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
<b>Desired performance</b>	600 Disputes resolved at specified service levels per DR model.
Indicator responsibility	Adjudicator and Governance division – Dispute Resolution unit

### **SO2: Take custody and control of Community Schemes' governance documentation**

<b>Indicator title</b>	<b>Develop a database of Schemes Governance Documents</b>
Short definition	Schemes governance documents
Purpose/ Importance	The CSOS Act requires that all the Community Schemes' governance be in the custody of the CSOS.
Source / collection of data	Check records / reports / return reports from the Adjudicator General's office, and count of scheme documents, that are captured fully.
Method of calculation	Count number of schemes documentation captured in the database.
Data limitations	Output
Type of indicator	Cumulative – for the year
Calculation type	Quarterly

<b>Indicator title</b>	<b>Develop a database of Schemes Governance Documents</b>
Reporting cycle	No
New indicator	Yes
Desired performance	<b>40 000 Schemes Governance documents recorded on the database.</b>
Indicator responsibility	Adjudicator and Governance division – Dispute Resolution unit

<b>Indicator title</b>	<b>Develop a database of Schemes Governance Documents</b>
Short definition	Certification of Schemes
Purpose/ Importance	The CSOS Act requires that all the Community Schemes' be registered and certified once its governance documentation has been quality assured
Source / collection of data	Check records / reports / return reports from the Adjudicator General's office, and count of the number of certificates that have been issued to schemes
Method of calculation	Count number of certificates issued to shemes
Data limitations	Output
Type of indicator	Cumulative – for the year
Calculation type	Quarterly
Reporting cycle	No
New indicator	Yes
Desired performance	<b>40 000 Certificates issued for community schemes governance documentation that has been quality assured</b>
Indicator responsibility	Adjudicator and Governance division – Dispute Resolution unit

**SO3: Ensure that the CSOS is an efficient, effective and sustainable organisation**

<b>Indicator title</b>	<b>Review the adequacy of the existing operating model (policies, processes, and procedures)</b>
Short definition	Policy reviews
Purpose/ Importance	To ensure that the CSOS is an effective and efficient organisation

Source / collection of data	The report will be collected from the CEO's office
Method of calculation	Report and Resolution from the EXCO confirming the adequacy of the policies for the organisation phase.
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year (Non-Financial)
Reporting cycle	Quarterly
New indicator	Yes
<b>Desired performance</b>	<b>Adequacy report from EXCO, including a Service Charter</b>
Indicator responsibility	Chief Ombud

<b>Indicator title</b>	<b>Drafted and Board approved Revenue Management Framework</b>
Short definition	Revenue Management Framework
Purpose/ Importance	To ensure that the CSOS is an effective and efficient organisation in managing its Revenue resources
Source / collection of data	The report will be collected from the CFO's office
Method of calculation	The number of Revenue Management policies approved by the Board, or one comprehensive policy approved
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year (Non-Financial)
Reporting cycle	Quarterly
New indicator	Yes
<b>Desired performance</b>	<b>Policy(ies) covering elements of Cash Collection, Banking, Debtors Management, funds withdrawals/transfers and Investments</b>
Indicator responsibility	Chief Financial Officer

**SO4: Promote good governance in Sectional Titles and other community schemes**

<b>Indicator title</b>	<b>Register community schemes and their managing agents registered in the CSOS database</b>
Short definition	Schemes governance database
Purpose/ Importance	The CSOS is required to register all community schemes in South Africa, and have a database of their records and their managing agents
Source / collection of data	Database report
Method of calculation	Count number of community schemes registered in the database
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	<b>50 000 community schemes and their managing agents registered in the database</b>
Indicator responsibility	Adjudicator and Governance division

**SO5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa**

<b>Indicator title</b>	<b>Consumer awareness campaigns</b>
Short definition	<b>Public outreach</b>
Purpose/ Importance	The CSOS is required to educate the public about the opportunity of living in community schemes, the rights and responsibilities of shared communal living, and the functions and role that the CSOS plays in harmonizing that human settlements sector
Source / collection of data	Number of campaigns
Method of calculation	Count number of consumer awareness initiatives
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	<b>12 campaigns during the year</b>
Indicator responsibility	Marketing and Communications unit

## **ANNEXURE C: Budget Information**

### Introduction

The CSOS was able to achieve critical milestones in the path to full operational well-being in that the CSOS/STSM Act Regulations were promulgated and the CSOS Act, as well as the STSM Act, were both proclaimed and signed by the State President. These were subsequently published in the Government Gazette meaning:

- The collection of the levy will legally commence 3 months from the date of publication;
- The registration of schemes will commence 30 days from the date of publication;
- The filing of schemes documentation will commence 3 months from the date of publication.

The operational support from the DoHS was evident and critical towards achieving the above mentioned milestones.

The operationalisation of this entity is favourably welcomed by the industry at large and this is evident to the influx of questions, cases, curiosity and comments received from the public and industry since the proclamation of the Acts and subsequently the publication of the regulations. This has allowed the CSOS to strategise future operations and core mandate programs not only on the guaranteed government grant, but also CSOS levy collections and other additionally planned streams of income.

The CSOS has prioritised the state of operational readiness of the entity and the below financials are taking into account the recent realities of the ability to add additional income streams to the books of the organisation as well as kick off the execution of core projects and also resume any programs that were halted by the austerity measures that were imposed by the lack of funds. In the 2017/18 year, the CSOS sees itself operating in full gear in executing its core mandate and meeting its strategic objectives.

Income Streams	Actual - audited	Actual - unaudited	Latest Estimate	BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	41,034,000	70,261,220	40,468,000	39,603,000	42,328,000	45,110,000
Government Grant	40,000,000	39,521,000	23,920,000	29,400,000	31,105,000	32,847,000
CSOS Levy Income			0	8,500,000	9,350,000	10,285,000
CSOS Documentation Fees			0	0	0	0
CSOS Service Fees			0	0	0	0
Interest Income	1,018,000	1,407,220	1,548,000	1,703,000	1,873,000	1,978,000
Budget Commitments from Prior Year		28,993,000		0	0	0
Other Income	16,000	340,000	15,000,000	0	0	0
<b>Operating Expenses</b>	<b>10,625,000</b>	<b>58,104,220</b>	<b>85,727,487</b>	<b>39,603,000</b>	<b>42,328,000</b>	<b>45,110,000</b>
Staff Costs	5,423,000	29,853,904	60,244,016	33,700,000	36,396,000	39,308,000
Operational costs	0	13,336,000	0	264,000	285,000	308,000
Marketing and Communications	1,720,000	1,001,764	212,500	296,000	0	0
Training and Education	0	3,767,169	0	0	0	0
Travelling and Accommodation	559,000	2,544,259	1,232,810	1,165,000	1,135,000	621,000
Board expenses	247,000	661,565	3,489,768	0	0	0
Facilities and infrastructure	1,625,000	4,027,587	13,556,096	4,178,000	4,512,000	4,873,000
General and administration	1,051,000	2,911,972	6,992,297	0	0	0
<b>Surplus / (Deficit) before Depreciation</b>	<b>30,409,000</b>	<b>12,157,000</b>	<b>(45,259,487)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation	165,000	5,255,367	9,120,398	0	0	0
<b>Surplus / (Deficit) after Depreciation</b>	<b>30,244,000</b>	<b>6,901,633</b>	<b>(54,379,885)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>1,864,000</b>	<b>12,157,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Furniture and Fittings (incl. Leasehold improvements)	554,000	1,002,000	0	0	0	0
Computer Equipment	895,000	6,723,000	0	0	0	0
Office Machinery and Equipment	245,000	0	0	0	0	0
Computer Software	170,000	4,432,000	0	0	0	0
Motor Vehicles		0	0	0	0	0

## Revenue

The CSOS will be fully operational during the financial year 2017/18, with an implemented revenue collection process. Accordingly, the Income streams, of which the Government Grant is the largest, will be collectable in terms of the CSOS Act (section 22). The estimates of revenue thus include this estimate, which is planned to cover the operating expenses of the entity.

Income Streams	Actual - audited	Actual - unaudited	Latest Estimate	BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	41,034,000	70,261,220	40,468,000	39,603,000	42,328,000	45,110,000
Government Grant	40,000,000	39,521,000	23,920,000	29,400,000	31,105,000	32,847,000
CSOS Levy Income			0	8,500,000	9,350,000	10,285,000
CSOS Documentation Fees			0	0	0	0
CSOS Service Fees			0	0	0	0
Interest Income	1,018,000	1,407,220	1,548,000	1,703,000	1,873,000	1,978,000
Budget Commitments from Prior Year		28,993,000		0	0	0
Other Income	16,000	340,000	15,000,000	0	0	0

## Operating costs

The budgeted operating costs of the CSOS for 2017/18 are shown in the table above.

These include:

- Staff costs

This consists of:

- The existing headcount complement is thirty-three (33) permanent and two (2) temporary staff.
- Furthermore, there are critical positions identified on the State of Readiness document, which are to be prioritised.
- These include the function of registering the community schemes documents, as they are submitted and/or taken over from other entities,
- A few critical vacancies in the support environment. These include increasing capacity in the operational finance functions as the CSOS enters a period of revenue management and other new functions.
- There is a provision for payment of salary increases for staff, projected at 8% for 2016/17, as there was none during the set-up phase of the entity, and most staff have gone without an inflationary adjustment for almost 2 years.

<b>Staff Costs</b>	<b>ACTUAL</b>	<b>PLANNED BUDGET</b>	<b>ESTIMATED BUDGET</b>	<b>MTEF ESTIMATES</b>	
	<b>30,437,487</b>	<b>31,204,000</b>	<b>33,700,000</b>	<b>36,396,000</b>	<b>39,308,000</b>
Basic salaries - Filled Positions	29,853,904	31,204,000	33,700,000	36,396,000	39,308,000
Basic salaries - Recruitment plan					
Incentive Bonus					
Staff Welfare	80,953				
Recruitment costs					
On-boarding and Induction	130,000				
Employee WellNess Programmes					
Training and Development	372,630				
HR Special Projects					

- **Operational costs**

Operational costs comprise the core functions of dispute resolution, community schemes database management and related activities, as well as the storage, management and retrieval of community schemes' governance documents. These activities should naturally consume the second largest expenditure after staff costs.

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
<b>Operational Costs</b>					
<b>Operational expenses</b>	0	0	0	0	0
Adjudication and Conciliation services					
Revenue Operations Services					
Community Schemes database costs					
Off-site schemes documentation storage / management					

- **Marketing and Communication expenses**

The marketing and communications functions has been earmarked as an important function of the CSOS, and more so in the beginning, entailing the initial public launch of the organisation. Brand promotion and management costs for the entity are also included in this category. Furthermore, the production of the mandatory annual report is this cost category.

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
<b>Marketing and Communication</b>					
<b>Marketing and Communications</b>	1,001,764	212,500	296,000	0	0
Marketing	865,764		296,000	0	0
Promotional materials	0				
Communication	136,000	212,500			

- **Stakeholder Training and Consumer Education**

The education of stakeholders, including reaching the affordable and subsidy housing market community schemes, is a core function of the CSOS and a key contribution to the current MTEF for the Department. The CSOS intends to roll out extensive programmes in this areas during the coming planning period. The scope, speed of roll out and reach of these programmes will be limited only by budget availability.

Stakeholder Training and Consumer Education	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
	3,767,169	0	0	0	0
Dispute resolution training	3,500,000				
Consumer awareness					
Stakeholder Workshops and Conferences	267,169				

- **Travelling and Accommodation**

In the current climate of limited budgets, all efforts are made to limit the travelling and accommodation expenses by using alternative means, including the use of technologies like teleconferencing and video-linking during the planning periods. However, there is always the unavoidable physical travelling between the entity's staff in the regions (KwaZulu Natal and Western Cape) and head office (Johannesburg), as well as between the CSOS Executives and the Executive Authority programmes like out-of-town quarterly reviews, Technical MINMECs, portfolio committees, and other parliamentary presentations. Furthermore, the current "hub-and-spoke" model (Regional offices servicing other adjacent regions) necessarily entails a fair amount of periodic travelling and accommodation. Finally, the Board travelling is also catered for in this expense category.

Travel and Accommodation	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Travelling and Accommodation</b>	2,544,259	15,000	0	0	0
Travel - Provincial staff training on Premier HR system					
Travel to provincial offices - site inspections					
Accommodation					
Staff Training Travel					
Stakeholder engagement travel					
Executive Authority/Strategy Planning/ Monitoring		15,000			
Other functional travel	2,544,259				
International Travel					

- **Board expenses**

Board expenses are budgeted per the National Treasury guidelines. This category includes only the external members' fees and emoluments.

Board Expenses	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Board Expenses (Non-Executive Directors only)</b>	<b>661,565</b>	<b>3,489,768</b>	<b>1,165,000</b>	<b>1,135,000</b>	<b>621,000</b>
Fees (Board and Committees)	661,565	3,489,768	0	0	0
Travelling and Accomodation			1,165,000	1,135,000	621,000
Training					
Evaluation					
Induction					
Other (debriefs, farewells, enquiries)					

- **Facilities and Infrastructure costs**

This category includes those primary expenses required to establish and maintain the existing offices. Included are the rental for offices, the fitting and furnishing of furniture (non-asset portions), the leasing of some assets (like office equipment), annual licenses for IT resources, and ICT support services (non-capital). The intention is to make the CSOS as accessible as possible to the members of the public, with the initial focus being on the localities of high concentration of community schemes.

Facilities and Infrastructure expenses	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
	4,768,991	14,084,789	4,178,000	4,512,000	4,873,000
Facilities rental and utilities	4,027,587	13,556,096	4,178,000	4,512,000	4,873,000
Expansion costs (to other satellite offices)					
Office equipment leases		87,693			
Office refurbishment					
Motor vehicle expenses (Consumables and docs)					
Motor vehicle leases					
Furniture Rental	708,904	441,000			
IT Licenses (annual renewal of ERP)					
ICT support services	32,500				

- **General and Administration expenses**

This expense category includes costs that are necessary to maintain a functional and habitable office, achieve compliance, and maintain an effective operation.

<b>General and Admin expenses</b>	<b>ACTUAL</b>	<b>PLANNED BUDGET</b>	<b>ESTIMATED BUDGET</b>	<b>MTEF ESTIMATES</b>	
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>2,911,972</b>	<b>0</b>	<b>264,000</b>	<b>285,000</b>	<b>308,000</b>
Office supplies and expenses	<b>261,711</b>				
Administration fees					
Printing and Stationery	400,000				
Insurance	100,000				
Internal Audit					
External Audit	405,042				
Bank Charges	27,689				
Telephone and postage	899,150		264,000	285,000	308,000
Professional and Consulting Fees	747,839				
Subscriptions and membership	40,541				
Legal fees and litigation	30,000				